



Protecting our environment while serving business and industry around the world



Annual Report

for the fiscal year ended January 31,

2013

NYSE: MPR

Our Core Values

We strive to consistently produce quality products, efficiently and on time while maintaining honesty, integrity, and ethics in all aspects of our business and treating each customer, employee, and vendor with dignity and respect.

Our Purpose

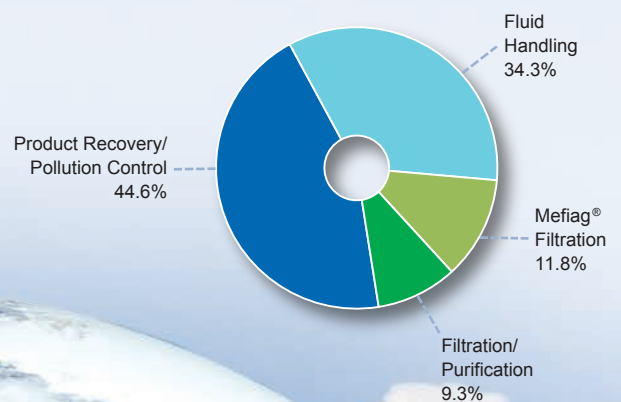
Promote a challenging and innovative workplace that fosters creation of superior, environmentally sound products, services, and solutions allowing our customers to meet the needs of their businesses, enabling Met-Pro Corporation to grow and prosper, and providing long-term sustainable value for our shareholders.

Corporate Profile

Met-Pro Corporation (**NYSE: MPR**) is a leading niche-oriented global provider of product recovery, pollution control, fluid handling, and filtration solutions.

Met-Pro's diverse and synergistic solutions and products address the world's growing need to meet more stringent emission regulations, reduce energy consumption, and employ green technology. The Company's solutions, products, and systems include filtration and purification equipment for air, water, and harsh, corrosive liquid applications; fluid handling equipment for water, saltwater, corrosive, abrasive, and high temperature liquids; and proprietary water treatment chemicals.

Through its global sales organization and operations in North America, South America, Europe, and the People's Republic of China, Met-Pro's solutions, products, and systems are sold to a well-diversified cross-section of customers and markets. The Company has a large base of installed equipment and derives approximately 35% of its revenues from recurring sales of parts and consumables. Met-Pro continues to drive margin improvement through global sourcing, improved efficiencies and project execution, and favorable product mix.



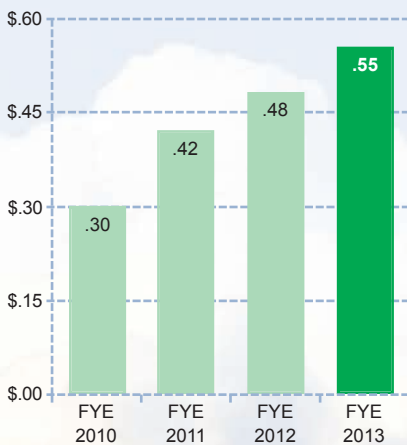
Financial Highlights

| | Fiscal Year Ended January 31, 2013 | Fiscal Year Ended January 31, 2012 |
|-------------------------------------------|---------------------------------------|---------------------------------------|
| Net sales | \$109,941,922 | \$100,161,392 |
| Gross profit | 37,787,023 | 35,369,007 |
| Income from operations | 11,877,811 | 10,591,284 |
| Net income | 8,045,223 | 7,133,701 |
| Diluted earnings per share | 0.55 | 0.48 |
| Cash and cash equivalents | 33,305,908 | 34,581,394 |
| Working capital* | 59,669,358 | 55,633,150 |
| Cash flows from operating activities | 5,284,478 | 8,959,787 |
| Total shareholders' equity | 88,682,376 | 83,821,971 |
| Shareholders' equity per share | 6.03 | 5.71 |
| Return on average shareholders' equity, % | 9.3 | 8.5 |
| Current ratio | 5.4 | 4.3 |
| Diluted common share equivalents | 14,738,035 | 14,774,692 |
| Cash dividend paid per share | 0.2855 | 0.269 |

* Includes \$34,328,174 and \$35,345,455 of cash, cash equivalents and short-term investments respectively, for the fiscal years ended January 31, 2013 and 2012, respectively.

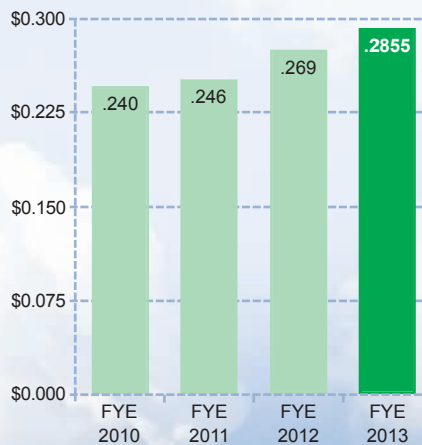
Diluted Earnings Per Share

(dollars)



Cash Dividend Paid Per Share

(dollars)



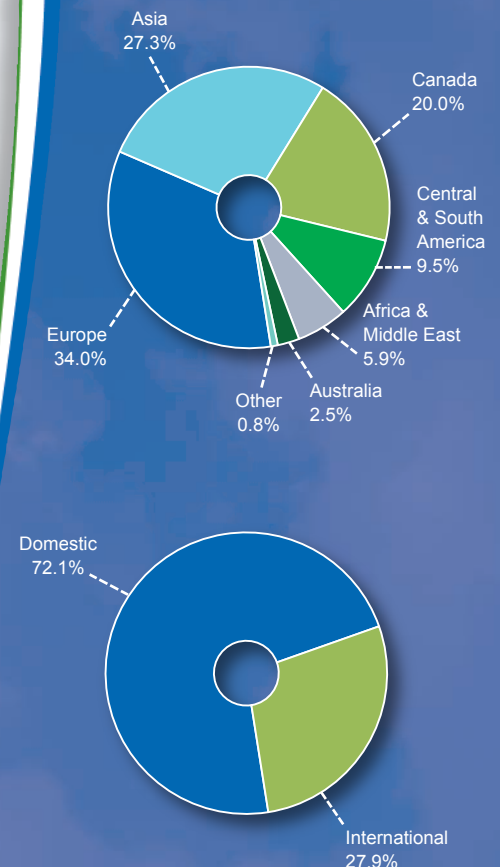
Corporate Highlights

- ▶ Record net sales up 10% versus last fiscal year
- ▶ Net income up 13% versus last fiscal year
- ▶ EPS up 15% versus last fiscal year
- ▶ 2% dividend increase
- ▶ Cash dividend paid for 22nd consecutive year

Our Expanding Global Footprint

Met-Pro continues to experience strong demand for the Company's products and solutions around the world.

Met-Pro's reputation for high quality products, the continued expansion of distribution networks in key geographical markets, the addition of strategic business partnerships, and continued emphasis on international sales have positioned the Company well for future global growth.



“Fiscal 2013 was a year of continued growth and improved profitability for Met-Pro Corporation as both net sales and earnings grew for the third consecutive year.”

Dear Fellow Shareholder

Fiscal 2013 was a year of continued growth and improved profitability for Met-Pro Corporation as both net sales and earnings grew for the third consecutive year. Our results reflect the steady progress being made as our sales and marketing strategy, together with the productivity and efficiency enhancements implemented within our organization, continued to translate into improved financial performance.

Net sales for fiscal year 2013 rose 10% to a record \$109.9 million. Net income for fiscal 2013 was \$8.0 million, or \$0.55 per share, increases of 13% and 15%, respectively, compared with fiscal 2012 net income of \$7.1 million, or \$0.48 per share. Gross margins were 34.4% for the year, down from a year ago, but consistent with our historical range. SG&A was 23.6% of net sales, a 110 basis points improvement from a year ago. Met-Pro's balance sheet remains strong with cash on hand and short-term investments at January 31, 2013 of \$34.3 million.

In fiscal 2013, we continued to make progress penetrating our four strategic growth platforms; water, air, specialty liquids and alternative energy. New orders for the year were \$106.2 million, the second best year in the Company's history, trailing only last year's record \$110.9 million. We continued to generate growth opportunities in virtually all our businesses both domestically and internationally by effectively identifying attractive markets and creating increased awareness of Met-Pro's offerings in those markets. Our quotation activity remained strong throughout the year and our pipeline of opportunities has never looked better.

Met-Pro's global expansion strategy remains on track as international sales for fiscal 2013 increased 10% to \$30.6 million, representing 28% of total net sales.

The Company's time-tested niche-oriented philosophy has uniquely positioned us as one of the top suppliers in the markets we serve. Our diverse and synergistic product offerings demonstrate the strength that comes from our ability to combine engineering, project management, and manufacturing capabilities to provide customers with unique, single source solutions. The diversity of our products and knowledge of the niche markets we choose to serve give Met-Pro a competitive advantage in developing integrated product and system solutions for our customers. Our steady, profitable growth is strong evidence that our niche-oriented strategy remains successful in enabling Met-Pro to deliver sustainable growth and value.

As we move forward, Met-Pro should benefit from strong market tailwinds: growing global demand for green manufacturing processes, industrial expansion in domestic and international emerging markets, increasing regulatory requirements limiting the amount of pollution discharge into the air and/or water, a continuing need for new products and solutions to meet ever changing regulations and process requirements, obsolescence and insufficiency of existing equipment, and maintenance, repair, upgrade, and retrofit needs from a growing installed base.

To take full advantage of these tailwinds we must and will continue to: focus on niche markets and leverage our strong relationships to maximize penetration of our products and services, develop new products and introduce new services, expand geographically, complete accretive acquisitions, license new technology and form strategic business alliances, while realizing additional operational cost savings.

In fiscal 2013, Met-Pro Global Pump Solutions added a complete line of non-metallic Fybroc® brand butterfly valves. Met-Pro Environmental Air Solutions successfully conducted a pilot test to validate a lower gas retention time for their BIO-PRO® odor control systems, which will provide customers with a more economical packaged system and a smaller equipment footprint. Mefiag® Filtration Technologies introduced a new filter for the printed circuit board industry, a targeted market that offers substantial opportunities for their business. Strobic Air® added several new features to their “Smart System” controls including wind direction and velocity sensing, which insure optimum efficiency while maintaining safety, vibration monitoring, and a programmable logic controller version with certifications for both domestic and international use.

During the past year, we continued to make changes to strengthen Met-Pro and make it better positioned for creating long-term sustainable value and growth for our shareholders.

In February 2012, Neal E. Murphy joined the Company as a Vice President of Met-Pro Corporation. In April 2012, he was elected Vice President-Finance, Chief Financial Officer, and Secretary and Treasurer, completing the Company’s orderly transition in our financial leadership. Mr. Murphy is an accomplished financial executive with extensive experience working for both public and privately held companies and has proven to be a tremendous asset to Met-Pro as we continue our efforts to grow and create value.

In November 2012, Met-Pro separated the roles of Chairman of the Board and Chief Executive Officer and named George H. Glatfelter II non-executive Chairman of the Board. Mr. Glatfelter, who has served on Met-Pro’s Board since May 2004, and as its lead director since August 2011, is the retired Chairman of the Board of P.H. Glatfelter Company. Raymond J. De Hont continues to serve as Chief Executive Officer and President of the Company and as a Director. Separating the roles of Chairman of the Board and Chief Executive Officer is consistent with today’s corporate governance best practices and is certainly appropriate for Met-Pro as we continue to position the Company for long-term success.

In December, the Board of Directors again showed confidence in your Company by voting to increase the quarterly dividend by 2% to \$0.0725 per share. This is the twenty-second consecutive year that Met-Pro Corporation has paid a cash dividend.

Overall fiscal 2013 was a solid year, as we experienced double-digit growth in both earnings and net sales. Our financial strength is undisputed and our prospects bright. The solid foundation we have laid allows us to remain optimistic that we will continue the steady upward trend of stable earnings growth achieved during the past several years.

We are confident that Met-Pro Corporation is well positioned to create long-term sustainable value for our shareholders and remain committed to those strategies that have served us well.

We would like to thank the many loyal, dedicated and talented employees who have contributed to our success, as well as thank you, our shareholders, for your continued support.

Kindest Regards,



George H. Glatfelter II
Chairman of the Board



Raymond J. De Hont
Chief Executive Officer
and President

April 19, 2013



This letter makes numerous forward-looking statements. See “Forward-Looking Statements; Factors That May Affect Future Results” in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on page 19 of Form 10-K herein.

Our Growth Strategy

We are leveraging our diversity of products and technical capabilities to capitalize on global niche-oriented growth opportunities through strong customer focus, geographic expansion, new product introductions, accretive acquisitions, technology licensing, and strategic business partnerships. We also seek to optimize synergies within Met-Pro and leverage existing relationships to maximize penetration of Met-Pro products into existing as well as unexplored niches.

Growth Drivers

- ▶ Growing global demand for green manufacturing processes
- ▶ Increasing regulatory requirements limiting the amount of pollution discharge into the air and/or water
- ▶ Geographical market expansion
- ▶ Continual need for new products and solutions to meet ever changing regulations and process requirements
- ▶ Obsolescence and insufficiency of existing air pollution control and fluid handling equipment
- ▶ Maintenance, repair, upgrade and retrofit opportunities from growing installed base

*Traditional
Product
Push
Approach*



Margin Improvement Strategies

▶ Expand operating margin through:

- ▶ Pricing power
- ▶ Single source solutions
- ▶ Global sourcing
- ▶ Volume discounts
- ▶ Consolidation
- ▶ Leverage of operating expenses
- ▶ Improved project execution
- ▶ Lean enterprise/continuous improvement
- ▶ Disciplined cost management



*Solutions
Provider
Approach
Within
Business
Units*

*Market
Served
Growth
Platforms*



Mefiag® Filtration Technologies

Our **Mefiag® Filtration Technologies** segment, through its global sales organization, internationally recognized brands, and operations in the Netherlands, United States, and the People's Republic of China, offers a complete line of horizontal disc, cartridge, bag, carbon, and oil absorbing filters, as well as **Carbolux®** carbonate precipitators, for tough, corrosive applications in the plating, metal finishing, and printing industries. **Mefiag®** also offers corrosion resistant pumps including the **Mefiag®**, **Fybroc®**, and **Sethco®** brands.

Products are sold directly through Company regional sales managers, qualified market-based distributors, and original equipment manufacturers.



Filtration/Purification Technologies

Our Filtration/Purification Technologies segment is comprised of the **Keystone Filter** and **Pristine Water Solutions** business units.

Keystone Filter provides innovative solutions and products for residential, commercial, and industrial filtration including solutions for water treatment, chemical recycling, and waste minimization applications. Its products include a diverse line of filters, cartridges, and filter housings, as well as innovative **Filter Klear®** chemical recycling systems.

Pristine Water Solutions provides proprietary chemicals for the treatment of municipal drinking water systems and boiler and cooling tower systems. Our products reduce iron, manganese, lead, and copper levels in drinking water systems, as well as corrosion, scaling, and microbiological levels in all water systems. **Pristine** also provides unique blends of organic and organic/inorganic polymer solution products for influent water clarification as well as waste treatment water clarification in municipal, industrial and oil field applications.

Products are sold directly through Company regional sales managers or non-exclusive distributor networks.





Product Recovery/Pollution Control Technologies

Our Product Recovery/Pollution Control Technologies segment consists of the **Met-Pro Environmental Air Solutions**, **Strobic Air® Corporation**, **Met-Pro Chile Ltda.**, and **Met-Pro Product Recovery/Pollution Control Technologies Inc.** business units. Through its global sales organization, and operations in the United States, Canada, and South America, this segment provides innovative solutions and a diverse line of products for the collection of particulates and the purification of air.

Met-Pro Environmental Air Solutions products and technologies, which address a wide variety of applications in virtually every industry, include **Duall** brand chemical scrubbers, fans, and odor control solutions; **Flex-Kleen®** brand dust collectors and product recovery solutions; **Systems** brand thermal oxidizers and volatile organic compound (VOC) removal solutions; and **Bio-Reaction®** brand biological technologies for eliminating VOCs, hazardous air pollutants (HAPs), and odors. Through **Met-Pro Industrial Services**, we provide an experienced single source for servicing and maintaining all air pollution control equipment, regardless of the manufacturer.

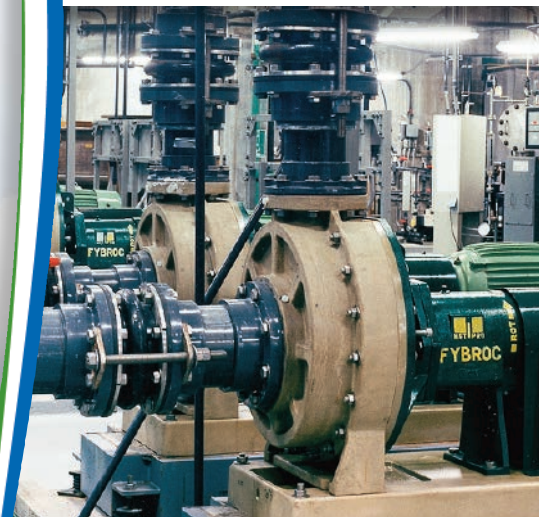
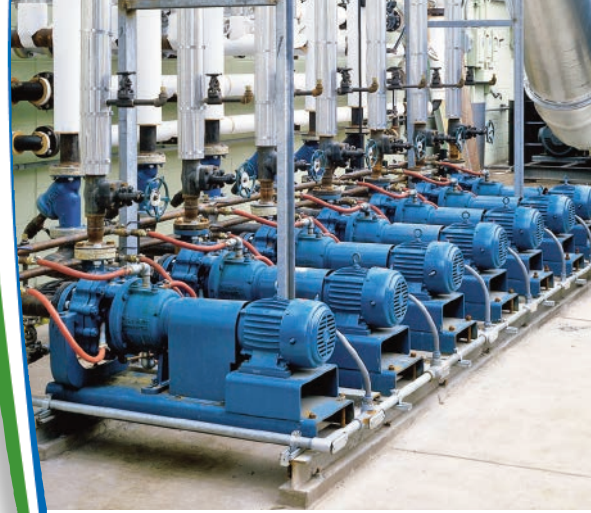
Strobic Air® Corporation, the recognized technological leader in the air movement industry, specializes in technologically advanced exhaust systems for laboratory fume hoods in university, public health, government, chemical, pharmaceutical, industrial, and other process industries. Solutions and products include **Tri-Stack®** fume hood exhaust systems for pollution abatement and odor control; the patent pending **Tri-Stack® Smart System™** for maintaining safe ventilation levels while minimizing facility energy costs; ventilation heat recovery systems; HEPA filtration systems; and the patented **Tri-Stack® Acoustical Silencer Nozzle™** and other standard fan silencers for quieter operation in particularly noise sensitive areas.

Company regional sales managers and a network of manufacturer's representatives and distributors sell these products around the world.

Fluid Handling Technologies

Our Fluid Handling Technologies segment consists of the **Met-Pro Global Pump Solutions** business unit, which through its global sales organization, internationally recognized **Dean Pump®**, **Fybroc®**, and **Sethco®** brands, and manufacturing operations in Indiana and Pennsylvania, offers a comprehensive line of high quality centrifugal pumps that handle corrosive, abrasive, and high temperature liquids, and a complete line of lever and gear operated non-metallic, **Fybroc®** brand, wafer style butterfly valves. These pumps and valves provide excellent performance for tough services including handling of acids, brines, caustics, bleaches, seawater, high temperature liquids, and a wide variety of waste liquids for a broad range of applications including the chemical, petrochemical, metal finishing, wastewater treatment, desalination, and aquarium/aquaculture markets.

Products are sold worldwide through Company regional sales managers, original equipment manufacturers, and an extensive network of non-exclusive distributors.



Directors

George H. Glatfelter II

Chairman, and Retired Chairman of the Board and Chief Executive Officer of the P.H. Glatfelter Company

Raymond J. De Hont

Chief Executive Officer and President

Michael J. Morris

Retired Chairman and Chief Executive Officer of Transport International Pool Corporation

Stanley W. Silverman

Former Chief Executive Officer and President of PQ Corporation

Judith A. Spires

Chief Executive Officer of Kings Super Markets

Robin L. Wiessmann

Former State Treasurer of the Commonwealth of Pennsylvania

Officers

Raymond J. De Hont

Chief Executive Officer and President

Neal E. Murphy

Vice President-Finance, Chief Financial Officer, Secretary and Treasurer

Edward J. Prajzner

Corporate Controller and Chief Accounting Officer

Gennaro A. D'Alterio

Vice President/General Manager Met-Pro Global Pump Solutions and Keystone Filter

Gregory C. Kimmer

Vice President/General Manager Met-Pro Environmental Air Solutions

Paul A. Tetley

Vice President/General Manager Strobic Air® Corporation

Vincent J. Verdone

Vice President/General Manager Pristine Water Solutions Inc.

Managing Director

Hans J. D. Huizinga

Managing Director, Mefiag® B.V. and Mefiag® (Guangzhou) Filter Systems Ltd., and General Manager, Mefiag® USA

From left to right:

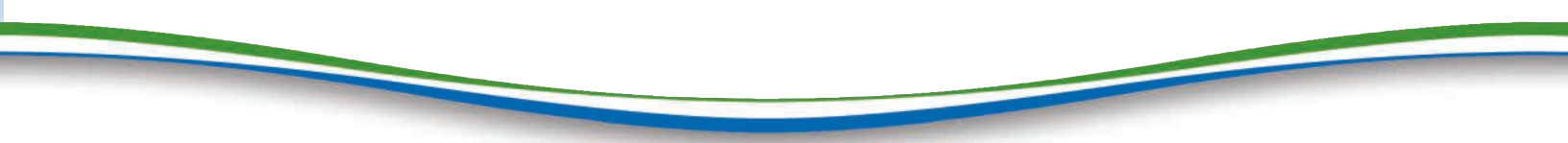
Robin L. Wiessmann, Stanley W. Silverman, Judith A. Spires, Chairman George H. Glatfelter II, CEO and President Raymond J. De Hont, and Michael J. Morris





Form 10-K

for the fiscal year ended January 31, 2013



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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For fiscal year ended: January 31, 2013

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 001-07763

MET-PRO CORPORATION

(Exact name of registrant as specified in its charter)

Pennsylvania

(State or other jurisdiction of
incorporation or organization)

23-1683282

(I.R.S. Employer
Identification No.)

**160 Cassell Road, P. O. Box 144
Harleysville, Pennsylvania**

(Address of principal executive offices)

19438

(Zip Code)

Registrant's telephone number, including area code: (215) 723-6751

Securities registered pursuant to Section 12(b) of the Act:

| <u>Title of each class</u> | <u>Name of each exchange on which registered</u> |
|-------------------------------------------|------------------------------------------------------|
| Common Shares, par value \$0.10 per share | New York Stock Exchange |

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of the Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulations S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 under the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the Common Shares, par value \$0.10 per share, held by non-affiliates as of (based upon the closing sales price on the New York Stock Exchange on July 31, 2012) the last business day of the registrant's most recently completed second fiscal quarter was \$132,917,467.

The number of registrant's outstanding Common Shares was 14,696,855 as of March 21, 2013.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of registrant's definitive proxy statement, in connection with its 2013 Annual Meeting of Shareholders, to be filed with the Securities and Exchange Commission within 120 days after the close of registrant's fiscal year.

**Form 10-K
Part Number**

III

FACTORS THAT MAY AFFECT FUTURE RESULTS

Met-Pro's prospects are subject to certain uncertainties and risks. This Annual Report on Form 10-K also contains certain forward-looking statements within the meaning of the Federal Securities Laws. Met-Pro's future results may differ materially from its current results and actual results could differ materially from those projected in the forward-looking statements, for reasons described in "Risk Factors" section of this report, and for other unanticipated reasons. Readers should also carefully review the "Forward-Looking Statements; Factors That May Affect Future Results" on page 19, as well as other documents that Met-Pro files from time to time with the Securities and Exchange Commission.

PART I

Item 1. *Business:*

General:

Met-Pro Corporation ("Met-Pro" or the "Company"), incorporated in the State of Delaware on March 30, 1966 and reincorporated in the State of Pennsylvania on July 31, 2003, manufactures and sells product recovery and pollution control equipment for purification of air and liquids, fluid handling equipment for corrosive, abrasive and high temperature liquids, and filtration and purification products. The Company markets and sells its products through its own personnel, distributors, representatives and agents. The Company's products are sold worldwide primarily in industrial markets. The Company was taken public on April 6, 1967 and traded on the American Stock Exchange from July 25, 1978 until June 18, 1998, at which time the Company's Common Shares began trading on the New York Stock Exchange, where it currently trades under the symbol "MPR".

The Company's principal executive offices are located at 160 Cassell Road, Harleysville, Pennsylvania and the telephone number at that location is (215) 723-6751. Our website address is www.met-pro.com.

Our Annual Report on Form 10-K and other reports filed pursuant to Section 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), are made available free of charge on or through our website at www.met-pro.com as soon as reasonably practicable after such reports are filed with, or furnished to, the Securities and Exchange Commission (the "SEC"). Copies of our (i) Corporate Governance Guidelines, (ii) charters for the Audit Committee, Compensation and Management Development Committee, and Corporate Governance and Nominating Committee, and (iii) Code of Business Conduct and Ethics are available at www.met-pro.com under the "Investor Relations – Corporate Governance and Board Committee" captions. Copies will also be provided to any shareholder upon written request to the Secretary, Met-Pro Corporation, 160 Cassell Road, P.O. Box 144, Harleysville, Pennsylvania 19438.

Except where otherwise indicated by the context used herein, references to the "Company", "we", "our" and "us" refer to Met-Pro Corporation and its wholly-owned subsidiaries.

Products, Services and Markets:

The Company has identified five operating segments and has aggregated those operating segments into three reportable segments and one other segment, as follows, respectively: (i) Product Recovery/Pollution Control Technologies; (ii) Fluid Handling Technologies; (iii) Mefiag Filtration Technologies; with the other segment being Filtration/Purification Technologies. The Filtration/Purification Technologies segment is comprised of two operating segments that do not meet the criteria for aggregation outlined in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 280, "Segment Reporting", but which can be combined due to certain quantitative thresholds listed in ASC Topic 280-10-50-12.

The following is a description of each segment:

Product Recovery/Pollution Control Technologies Reporting Segment:

This reportable segment consists of one operating segment that provides solutions and manufactures products for the purification of air or liquids. Many of these products are custom designed and engineered to solve a customer's product recovery or pollution control issues. The products are sold worldwide through Company sales personnel and a network of manufacturer's representatives. This reporting segment is comprised of the Met-Pro Environmental Air Solutions, Strobic Air Corporation, Met-Pro Product Recovery/Pollution Control Technologies Inc. and Met-Pro Chile Limitada business units.

Met-Pro Environmental Air Solutions is a leading niche-oriented global provider of solutions and products for product recovery and pollution control applications. Its diverse and synergistic solutions and products address the world's growing need to meet the demands of more stringent emission regulations, reduce energy consumption and employ "green technology". Product lines include: Duall brand chemical and BIO-PRO™ biological odor control systems, fume and emergency gas scrubbers, HydroLance™ wet particulate collectors, carbon absorption systems, mist eliminators, air strippers and degasifiers for contaminated groundwater treatment, ducting and exhaust fans; Flex-Kleen brand pulse jet fabric filters, product recovery and dry particulate collectors and cyclones; Met-Pro Systems brand custom engineered carbon adsorption systems for the concentration and recovery of volatile solvents, thermal and catalytic oxidation systems, regenerative thermal oxidizers, enclosed flares and the supply of abatement catalysts; Bio-Reaction Industries brand bio-oxidation systems for eliminating volatile organic compounds, hazardous air pollutants and odors; and Met-Pro Industrial Services brand field services including installation, preventative maintenance, trouble shooting, repair, upgrade and performance testing on products related to the Product Recovery/Pollution Control Technologies reporting segment. Met-Pro Environmental Air Solutions' product lines are sold to a wide variety of markets including, but not limited to, metal finishing and plating, wastewater treatment, composting, food processing, ethanol production, chemical, petrochemical, printed circuit, semiconductor, steel pickling, battery manufacturing, groundwater remediation, automotive, aerospace, furniture, painting, electronics, printing, and pharmaceutical industries. These product lines are sold worldwide by a combination of in-house personnel and manufacturer's representatives, as well as through the Company's wholly-owned Canadian subsidiary, Met-Pro Product Recovery/Pollution Control Technologies Inc. and the Company's wholly-owned Chilean subsidiary, Met-Pro Chile Limitada. Met-Pro Environmental Air Solutions has facilities in Owosso, Michigan; Harleysville, Pennsylvania; Glendale Heights, Illinois; and Tualatin, Oregon.

Strobic Air Corporation, located in Harleysville, Pennsylvania, is a recognized technological leader in the air movement industry and designs and manufactures technologically advanced exhaust systems for laboratory fume hoods in university, public health, government, chemical, pharmaceutical, industrial and other process industries. With three decades of experience in addressing the needs of laboratory researchers and facility owners, Strobic Air has continued to develop and enhance its Tri-Stack™ roof exhaust systems to provide even greater flows, lower energy costs and decreased noise levels. Strobic Air Tri-Stack™ laboratory fume hood exhaust systems meet the requirements of ANSI Z9.5, the American National Standard for Laboratory Ventilation. Heat recovery systems by Strobic Air provide energy conservation on laboratory fume hood exhaust systems. Unique glycol/water heat exchanger coil modules for Tri-Stack™ systems extract exhaust heat for heating or cooling conditioned makeup air. Strobic's HEPA filtration system allows users to comply fully with ventilation standards for specialized care environments such as airborne infection isolation rooms. These product lines are sold worldwide by a combination of in-house personnel and manufacturer's representatives.

Met-Pro Product Recovery/Pollution Control Technologies Inc. located in Vaughan, Ontario, Canada, markets, sells and distributes in Canada the Duall, Flex-Kleen, Met-Pro Systems and Bio-Reaction brand product lines.

Met-Pro Chile Limitada located in Santiago, Chile, South America, markets, sells and distributes in South America the Duall, Flex-Kleen, Met-Pro Systems and Bio-Reaction brand product lines.

Fluid Handling Technologies Reporting Segment:

This reportable segment is comprised of one operating segment that manufactures high quality horizontal, vertical, and in-tank centrifugal pumps that handle corrosive, abrasive and high temperature liquids. This combination of pump types and configurations provides products that excel in applications requiring corrosion resistance such as: the pumping of acids, brines, caustics, bleaches, seawater, a wide variety of waste liquids, and high temperature liquids used in many industrial and commercial applications. This reporting segment is comprised of the Met-Pro Global Pump Solutions business unit (consisting of the Dean Pump, Fybroc and Sethco product brands) and has manufacturing facilities located in Indianapolis, Indiana and Telford, Pennsylvania. The Met-Pro Global Pump Solutions products are sold directly through regional sales managers and through a worldwide network of distributors, catalog houses, and original equipment manufacturers.

The Dean Pump brand is comprised of high quality horizontal and vertical centrifugal pumps that handle a broad range of applications. Industrial markets served include the chemical, petrochemical, refinery, pharmaceutical, plastics, pulp and paper, and food processing industries. Commercial users include hospitals, universities, and laboratories. Customers choose the Dean Pump brand for its quality and for its suitability to handle difficult applications, particularly high temperature liquid applications.

The Fybroc brand is comprised primarily of fiberglass reinforced plastic (“FRP”) centrifugal pumps. These pumps provide excellent corrosion resistance for tough applications including the pumping of acids, brines, caustics, bleaches, seawater and a wide variety of waste liquids. Fybroc’s second generation epoxy resin, EY-2, allows us to offer the first corrosion resistant and high temperature FRP thermoset pumps suitable for solvent applications. The EY-2 material also expands Fybroc’s pumping capabilities to include certain acid applications such as high concentration sulfuric acid (75-98%). Fybroc pumps are sold to many markets including the chemical, petrochemical, pharmaceutical, fertilizer, pesticides, steel, pulp and paper, electric utility, aquaculture, aquarium, commercial marine/navy, desalination/water reuse, and industrial and municipal waste treatment industries.

The Sethco brand is comprised of horizontal and vertical corrosion resistant pumps with flow rates of up to approximately 250 gallons per minute. Primarily manufactured from polypropylene or Kynar (PVDF) components, Sethco’s brands are used extensively in the metal finishing, electronics, chemical processing and waste water treatment industries.

Mefiag Filtration Technologies Reporting Segment:

This reportable segment is comprised of one operating segment that manufactures filtration systems utilizing primarily horizontal disc technology. This reporting segment is comprised of the Mefiag B.V., Mefiag (Guangzhou) Filter Systems Ltd., and Mefiag business units.

The Mefiag Filtration Technologies reporting segment designs, manufactures and sells filter systems utilizing horizontal disc technology for superior performance, particularly in high efficiency and high-flow applications. Mefiag® filters are used in tough, corrosive applications in the plating, metal finishing and printing industries. Worldwide sales are accomplished directly through regional sales managers, qualified market-based distributors and original equipment manufacturers located throughout North America, Europe, Asia and other major markets around the world. The Mefiag Filtration Technologies reporting segment has facilities in Owosso, Michigan; Heerenveen, The Netherlands; and Guangzhou, the People’s Republic of China.

Filtration/Purification Technologies Segment:

This other segment consists of two operating segments that supply proprietary chemicals for the treatment of municipal drinking water systems and boiler and cooling tower systems, cartridges and filter housings, and filtration products for difficult industrial air and liquid applications. This other segment is comprised of the Keystone Filter and Pristine Water Solutions operating segments.

Keystone Filter, located in Hatfield, Pennsylvania, is an established custom pleater and filter cartridge manufacturer. Keystone Filter provides custom designed and engineered products which are currently used in a diversity of applications such as the nuclear power industry, components in medical equipment and in indoor air quality equipment. Keystone Filter also provides standard filters for water purification and industrial applications. Sales and customer service functions are provided directly through sales managers and through a non-exclusive distributor network.

Pristine Water Solutions Inc. (“Pristine”), located in Waukegan, Illinois, is a leading manufacturer of safe and reliable water treatment compounds. Products sold by Pristine have been used in the public drinking water industry since 1955. Pristine’s Aquadene™ products are designed to eliminate problems created by high iron and manganese levels in municipal water systems. They also reduce scaling and general corrosion tendencies within water distribution piping systems as well as help municipalities meet soluble lead and copper limits in their drinking water. These food-grade products are NSF/ANSI approved for use in municipal drinking water supplies and are certified to meet or exceed existing state and federal guidelines. Pristine’s product line also includes coagulant and flocculent polymer products for both municipal and industrial applications which are used to improve water clarity and reduce sludge volume. Pristine also markets a chlorine dioxide treatment program for municipal drinking water disinfection which helps customers reduce trihalomethane formation as required by the EPA. In addition, Pristine markets and sells a line of Bio-Purge™ products for drinking well water remediation as well as boiler and cooling tower chemicals and services to industrial and commercial markets. This allows customers to maximize their heat transfer efficiency and save operating costs through energy conservation. Pristine’s products are sold directly through regional sales managers or agents and also through a network of distributors located in the United States and Canada. Pristine offers technical and laboratory customer support from the Waukegan facility.

United States Sales versus Foreign Sales:

The following table sets forth certain data concerning total net sales to customers by geographic area in the past three years:

| | Percentage of Net Sales | | |
|---------------|---------------------------------------|-------------|-------------|
| | Fiscal Years Ended January 31, | | |
| | 2013 | 2012 | 2011 |
| United States | 72.1% | 72.1% | 74.8% |
| Foreign | 27.9% | 27.9% | 25.2% |
| Net Sales | 100.0% | 100.0% | 100.0% |

Customers:

During each of the past three fiscal years, no single customer accounted for 10% or more of the total net sales of the Company in any year. Also, no single customer accounted for 10% or more of the total accounts receivable of the Company as of January 31, 2013, 2012 and 2011. The Company does not believe that it would be materially adversely affected by the loss of any single customer.

Seasonality:

The Company does not consider its business, as a whole, to be seasonal in nature, although a limited number of its product lines are seasonal in nature.

Competition:

The Company experiences competition from a variety of sources with respect to virtually all of its products. The Company knows of no single entity that competes with it across the full range of its products and systems. The lines of business in which the Company is engaged are highly competitive. Competition in the markets served is based on a number of considerations, which may include price, technology, quality, applications experience, know-how, reputation, product warranties, service and distribution.

With respect to the Fluid Handling Technologies reporting segment, several companies, including Ingersoll-Dresser Pumps Co. and Durco Pumps, Inc. (subsidiaries of Flowserve Corporation) and Goulds Industrial Pumps, Inc. (a subsidiary of ITT Industries), dominate the industry overall, but several smaller companies, including Met-Pro, compete successfully in select product lines and specialized niche markets.

With respect to the Product Recovery/Pollution Control Technologies reporting segment, the Mefiag Filtration Technologies reporting segment and the Filtration/Purification Technologies segment, we compete with numerous smaller, as well as larger, competitors, but there are no companies that dominate the markets in which we participate.

The Company is unable to state with certainty its relative positions in its various markets, but believes that it is a leading and respected competitor in each of its niche markets.

Research and Development:

Research is directed towards the development of new products related to current product lines, and the improvement and enhancement of existing products. The principal goals of the Company's research programs are maintaining the Company's technological capabilities in the production of product recovery/pollution control equipment, fluid handling equipment, Mefiag filtration equipment and filtration/purification equipment; developing new products; and providing technological support to the manufacturing operations. Research and development expenses were \$2.2 million, \$2.5 million and \$2.2 million for the years ended January 31, 2013, 2012 and 2011, respectively.

Patents and Trademarks:

The Company has a number of patents and trademarks. The Company considers these rights important to certain of its businesses, although it considers no individual right material to its business as a whole.

Regulatory Matters:

The Company is subject to environmental laws and regulations concerning air emissions, discharges to water processing facilities, and the generation, handling, storage and disposal of waste materials in all operations. All of the Company's production and manufacturing facilities are controlled under permits issued by federal, state and local regulatory agencies. The Company believes it is presently in compliance in all material respects with these laws and regulations. To date, compliance with federal, state and local provisions relating to protection of the environment has had no material effect upon capital expenditures, earnings or the competitive position of the Company.

Backlog:

Generally, the Company's customers do not enter into long-term contracts, but rather issue purchase orders which are subject to negotiation and acceptance by the Company, at which point the Company considers the order to be "booked" and to be in backlog. Certain orders that are included in our backlog amounts may be subject to customer approvals, most typically, approval of engineering drawings. The rate of the Company's bookings of new orders varies from month to month. Orders have varying delivery schedules, and as of any particular date, the Company's backlog may not be predictive of actual revenues for any succeeding specific period, in part due to potential customer requested delays in delivery of which the extent and duration may vary widely from period to period. Additionally, the Company's customers typically have the right to cancel a given order, although the Company has historically experienced a very low rate of cancellation.

The dollar amount of the Company's backlog of orders totaled \$24,906,863 and \$28,446,566 as of January 31, 2013 and 2012, respectively. The Company expects that a majority of the backlog that existed as of January 31, 2013 will be shipped during the ensuing fiscal year. A significant portion of our backlog is comprised of orders in our Product Recovery/Pollution Control Technologies reporting segment.

Working Capital:

Certain business units require more significant working capital requirements than other business units, such as in the larger project business units included in our Product Recovery/Pollution Control Technologies reporting segment. Additionally, the inventory levels of our Fluid Handling Technologies reporting segment are not insubstantial. However, there have been no material changes in business practices that would result in material changes to our working capital requirements, other than changes in our sales volumes, and we consider our working capital to be sufficient based upon current sales levels.

Raw Materials:

The Company procures its raw materials and supplies from various sources. The Company believes it could secure substitutes for the raw materials and supplies should they become unavailable, but there are no assurances that the substitutes would perform as well or be priced as competitively. The Company has not experienced any significant difficulty in securing raw materials and supplies, and does not anticipate any significant difficulty in procurement in the coming year or foreseeable future.

Employees:

As of January 31, 2013, the Company employed 337 people, of whom 136 were involved in manufacturing, and 201 were engaged in administration, sales, marketing, engineering, project management, and research and development. The Company has had no work stoppages during the past five years and considers its employee relations to be good.

Foreign Operations:

Most of the Company's operations and assets are located in the United States. However, the Company also owns a manufacturing operation in Heerenveen, The Netherlands, through its wholly-owned subsidiary, Mefiag B.V., operates a manufacturing facility in the People's Republic of China through its wholly-owned subsidiary, Mefiag (Guangzhou) Filter Systems Ltd, operates a sales office and warehouse in Vaughan, Ontario, Canada through its wholly-owned subsidiary, Met-Pro Product Recovery/Pollution Control Technologies Inc., and operates a sales office in Santiago, Chile through its wholly-owned subsidiary, Met-Pro Chile Limitada.

The Company believes that currency fluctuations and political and economic instability do not constitute substantial risks to its business.

For information concerning foreign net sales on a reporting segment basis, reference is made to the consolidated business segment data contained on page 58.

New York Stock Exchange and Securities and Exchange Commission Certifications:

During the fiscal year ended January 31, 2013, the Company submitted to the New York Stock Exchange (the "NYSE") the certification of the Chief Executive Officer that he was not aware of any violation by Met-Pro Corporation of the NYSE's corporate governance listing standards as required by Section 303A.12(a) of the New York Stock Exchange Listed Company Manual. In addition, the Company has filed with the SEC, as exhibits to this Form 10-K for the fiscal year ended January 31, 2013, the Chief Executive Officer's and Chief Financial Officer's certifications regarding the quality of the Company's public disclosure, disclosure controls and procedures, and internal controls over financial reporting as required by Section 302 of the Sarbanes-Oxley Act of 2002 and related SEC rules.

Item 1A. Risk Factors:

Any of the events discussed as risk factors below may occur. If they do, our business, financial condition, results of operations and cash flows could be materially adversely affected. Additional risks and uncertainties not identified in this or other SEC filings, or that we currently deem immaterial, may also impair our business operations. An investment in our securities involves a high degree of risk. You should carefully consider the risk factors described below, together with the other information included in this Annual Report on Form 10-K before you decide to invest in our securities. If any of these risks develop into actual events, it could materially and adversely affect our business, financial condition, results of operations and cash flows, the trading price of your shares could decline and you may lose all or part of your investment.

Our operating results may be adversely affected by unfavorable economic and market conditions and the uncertain geopolitical environment.

Economic conditions in the markets that we serve appear to be improving, but we do not know the extent or duration of this. Our operating results have been challenged by the worldwide economic slowdown. If the markets that we serve do not improve or if they worsen, this could negatively impact our business, which could result in:

- reduced demand for our products, especially for those offered by our Product Recovery/Pollution Control Technologies reporting segment, which include large dollar projects more likely to be affected by economic conditions;
- increased price competition for our products;
- increased risk of excess and obsolete inventories;
- increased risk in the collectability of receivables from our customers;
- increased risk of the impairment of goodwill of our Pristine Water Solutions and Flex-Kleen business units;
- increased risk in potential reserves for doubtful accounts and write-offs of accounts receivable; and
- higher operating costs as a percentage of revenues.

We sell our products in highly competitive markets, which put pressure on our profit margins and limit our ability to maintain or increase the market share of our products.

The markets for our products are fragmented and highly competitive. We compete against a very diverse number of companies across our many markets. Depending upon the market, our competitors include large and well-established national and global companies; regional and local companies; low cost replicators of spare parts; and in-house maintenance departments of our end user customers. We compete based on price, technical expertise, timeliness of delivery, previous installation history and reputation for quality and reliability, with price competition tending to be more significant for sales to original equipment manufacturers. Some of our customers are attempting to reduce the number of vendors from which they purchase in order to reduce the size and diversity of their inventory. To remain competitive, we will need to invest continuously in manufacturing, marketing, customer service and support, and our distribution networks. No assurances can be made that in the short-term our earnings will not be adversely impacted by these investments or that our investments will produce the intended results. If we do not compete successfully, our business, our financial condition, results of operations and cash flows could be adversely affected.

We are party to asbestos-containing product litigation that could adversely affect our financial condition, results of operations and cash flows.

Beginning in 2002, the Company began to be named in asbestos-related lawsuits filed against a large number of industrial companies including, in particular, those in the pump and fluid handling industries. In management's opinion, the complaints typically have been vague, general and speculative, alleging that the Company, along with the numerous other defendants, sold unidentified asbestos-containing products and engaged in other related actions which caused injuries (including death) and loss to the plaintiffs. Counsel has advised that more recent cases typically allege more serious claims of mesothelioma. The Company's insurers have hired attorneys who, together with the Company, are vigorously defending these cases. Many cases have been dismissed after the plaintiff fails to produce evidence of exposure to the Company's products. In those cases where evidence has been produced, the Company's experience has been that the exposure levels are low and the Company's position has been its products were not a cause of death, injury or loss. The Company has been dismissed from or settled a large number of these cases. Cumulative settlement payments through January 31, 2013 for cases involving asbestos-related claims were \$740,000, which together with all legal fees other than corporate counsel expenses, have been paid by the Company's insurers. The average cost per settled claim, excluding legal fees, was approximately \$25,000. As of January 31, 2013 there were a total of 157 cases pending against the Company (with Connecticut, New York, Pennsylvania and West Virginia having the largest number of cases), as compared with approximately 130 cases that were pending as of March 22, 2012. During the current fiscal year commencing February 1, 2012 through January 31, 2013, 59 new cases were filed against the Company, and the Company

was dismissed from 33 cases and settled four cases. Most of the pending cases have not advanced beyond the early stages of discovery, although a number of cases are on schedules leading to, or are scheduled for trial. The Company also presently believes that none of the pending cases will have a material adverse impact upon the Company's results of operations, liquidity or financial condition.

The Company believes that its insurance coverage is adequate for the cases currently pending against it and for the foreseeable future, assuming a continuation of the current volume, nature of cases, and settlement amounts. However, the Company has no control over the number and nature of cases that are filed against it, nor as to the financial health of its insurers or their position as to coverage. On April 27, 2011, a liquidation order was entered against Atlantic Mutual Insurance Company, who had been providing defense and indemnity to the Company, and its affiliate, Centennial Insurance Company, who provided umbrella coverage to the Company, and while we have no information to suggest that any of our remaining insurers are at risk of insolvency, we cannot guarantee the solvency of our remaining insurers. The insolvency of any of our remaining insurers could have a material adverse impact upon the Company's results of operations, liquidity or financial condition.

Changes in pension fund investment performance or assumptions relating to pension costs may have a material effect on the valuation of our obligations under our defined benefit pension plans, the funded status of these plans and our pension expense, which can affect our earnings results as well as our cash flows.

We maintain defined benefit pension plans that we must fund despite the freezing of the accrual of future benefits for our salaried and non-union hourly employees, effective December 31, 2006, and our union hourly employees, effective December 31, 2008. In these plans' fiscal year ended January 31, 2013, we contributed approximately \$1.7 million. As of January 31, 2013, our unfunded pension liability was approximately \$8.9 million as compared with \$9.7 million at January 31, 2012. The amount of this pension liability is materially affected by the discount rate used to measure our pension obligations and, in the case of the plans such as ours that are required to be funded, the level of plan assets available to fund those obligations and the expected long-term rate of return on plan assets. A change in the discount rate can result in a significant increase or decrease in the valuation of pension obligations, affecting the reported status of our pension plans and our pension expense. It is possible that the discount rate used in fiscal year 2014 will be further reduced, resulting in an adverse impact upon the reported status of our unfunded pension liability. Changes in investment performance or a change in the portfolio mix of invested assets also can result in increases and decreases in the valuation of plan assets or in a change of the expected rate of return on plan assets. Changes in the expected return on plan assets assumption can result in significant changes in our pension expense. For our fiscal year ended January 31, 2013, we reported expense from our defined benefit plans totaling \$0.5 million as compared to expense for the fiscal year ended January 31, 2012 totaling \$0.1 million.

If our goodwill or indefinite-lived intangible assets become impaired, we may be required to record a significant charge to earnings. Performance by our Flex-Kleen and/or Pristine Water Solutions business units must continue to improve to avoid an impairment charge.

We carry \$20.8 million of goodwill on our consolidated balance sheets, or 17.9% of our total assets. Approximately \$11.1 million and \$3.3 million of the \$20.8 million of goodwill relates to our Flex-Kleen and Pristine Water Solutions businesses, respectively. Under United States generally accepted accounting principles, goodwill and indefinite-lived intangible assets are not amortized but are reviewed for impairment on an annual basis or more frequently whenever events or changes in circumstances indicate that their carrying value may not be recoverable.

During the fiscal year 2013, there was a decline in net sales and operating profit of our Pristine Water Solutions business unit that we attribute to a number of factors including raw material price increases, weaknesses in Pristine Water Solutions' principal market, the municipal market, increased price competition, product mix and inclement weather in certain geographic areas which affected product demand. The carrying value of Pristine Water Solutions as of January 31, 2013 and 2012 amounted to \$4.3 million and \$4.6 million, respectively. The fair value of Pristine Water Solutions as of January 31, 2013 and 2012 totaled \$6.3 million and \$5.9 million, respectively. As a result, the fair value exceeded the carrying amount, including goodwill, by \$2.0 million and \$1.3 million at January 31, 2013 and 2012, respectively. Because of market conditions and/or potential changes in strategy and product portfolio, it is possible that forecasts used to support asset carrying values may change in the future, which could result in non-cash charges that would adversely affect our results of operations and financial condition. Based on current projections, a one percent decrease in revenue growth, a one percent decrease in gross margin or a one percent increase in the weighted average cost of capital would reduce the fair value for Pristine Water Solutions by \$1.1 million, \$0.5 million, and \$0.4 million, respectively. Additionally, the Company cannot predict the occurrence of unknown events that might adversely affect the reportable value of goodwill related to Pristine Water Solutions.

Flex-Kleen, which initially performed well after being acquired by Met-Pro, thereafter had several years of declining performance which we attributed primarily to a general weakness in its served markets. As of January 31, 2012, Flex-Kleen's fair value exceeded its carrying amount but not by a significant amount. Due to improving performance during the year ended January 31, 2013, Flex-Kleen's fair value increased and exceeded its carrying amount by a significant amount as of January 31,

2013. This improvement is attributable to general strengthening in the markets served by Flex-Kleen. Because of market conditions and/or potential changes in strategy and product portfolio, it is possible that forecasts used to support asset carrying values may change in the future, which could result in a write-down of goodwill that would consist of a non-cash charge that would adversely affect our results of operations and financial condition. Additionally, the Company cannot predict the occurrence of unknown events that might adversely affect the reportable value of goodwill related to Flex-Kleen.

Our impairment models provide that Pristine Water Solutions' and Flex-Kleen's performance needs to continue to improve on an annual basis for a number of fiscal years in order for us not to be potentially required to write-off some or all of their goodwill. If in the future we determine that there has been an impairment of Pristine Water Solutions' and/or Flex-Kleen's goodwill, we will be required to record a non-cash charge to earnings, to the extent of the impairment, during the period in which any impairment of our goodwill or indefinite-lived intangible assets is determined, which would have an adverse impact upon our results of operations and financial position. We anticipate that Pristine Water Solutions' and Flex-Kleen's performance during the fiscal year beginning February 1, 2013 will be at a level that will not indicate impairment of their goodwill, but this expectation is a forward-looking statement where the actual results may not be as we presently anticipate. Please refer to page 25, "Critical Accounting Policies and Estimates", for additional information concerning goodwill impairment.

If we are unable to obtain raw materials at favorable prices, our operating margins and results of operations will be adversely affected.

We purchase electric power and other raw materials we use in the manufacturing of our products from outside sources. The costs of raw materials and power have been volatile historically and are influenced by factors that are outside our control. We believe we have improved our raw material purchasing practices over recent years with more centralized purchasing, which has decreased raw material costs. However, if we are unable to pass increases in the costs of raw materials to our customers, our operating margins and results of operations will be adversely affected.

We may incur significant expense as a result of breach of contract, negligence, product liability and warranty claims, which could adversely affect our financial condition, results of operations and cash flows.

From time to time we are exposed to breach of contract, negligence, product liability, warranty and other claims where our products and/or service cause, or are alleged to cause bodily injury and/or property damage and/or our products actually or allegedly fail to perform as expected, as a result of an actual or alleged design or manufacturing defect or other action or inaction or alleged action or inaction on our part. While we maintain insurance coverage with respect to certain product liability and negligence claims, we do not insure against all risks or possible claims, and/or the insurance that we purchase may not cover all claims or amounts found to be owing. In addition, these claims can be expensive to defend and can divert the attention of management and other personnel for significant periods of time, regardless of the ultimate outcome. An unsuccessful defense of a claim could have an adverse affect on our business, results of operations and financial condition and cash flows. Even if we are successful in defending against a claim relating to our products, claims of this nature could cause our customers to lose confidence in our products and our Company. Warranty claims are not covered by insurance, and we may incur significant warranty costs in the future for which we would not be reimbursed.

Natural or man-made disasters could negatively affect our business.

Future disasters caused by earthquakes, hurricanes, floods, terrorist attacks or other events, and any potential response by the U.S. government or military, could have a significant adverse effect on the general economic, market and political conditions, which in turn could have a material adverse effect on our business.

A substantial portion of our business is sold internationally, we also manufacture outside the United States, and we plan to increase our international distribution and manufacturing of our products. These international activities subject us to additional business risks.

In the fiscal year ended January 31, 2013, 27.9% of our sales were to customers outside the United States, as compared with 27.9% in the prior fiscal year. As part of our business strategy, we plan to increase our international sales, although we cannot assure you that we will be able to do so. Conducting business outside of the United States subjects us to significant additional risks, including:

- export and import restrictions, tax consequences and other trade barriers;
- currency fluctuations;
- greater difficulty in accounts receivable collections;
- economic and political instability;

- foreign exchange controls that prohibit payment in U.S. dollars; and
- increased complexity and costs of managing and staffing international operations.

Our products could infringe the intellectual property rights of others and we may be exposed to costly litigation.

The products we sell are continually changing as a result of improved technology. Although we and our suppliers attempt to avoid infringing on known proprietary rights of third parties in our products, we may be subject to legal proceedings and claims for alleged infringement by us, our suppliers or our distributors, of third parties' patents, trade secrets, trademarks or copyrights.

Any claims relating to the infringement of third-party proprietary rights, even if not meritorious, could result in costly litigation, divert management's attention and resources, or require us to either enter into royalty or license agreements which are not advantageous to us, or pay material amounts of damages. In addition, parties making these claims may be able to obtain an injunction, which could prevent us from selling our products. We may increasingly be subject to infringement claims as we expand our product offerings.

Our ability to operate our Company effectively could be impaired if we fail to attract and retain key personnel.

Our ability to operate our businesses and implement our strategies depends, in part, on the efforts of our executive officers and other key employees. In addition, our future success will depend on, among other factors, our ability to attract and retain qualified personnel, particularly research professionals, technical sales professionals and engineers. The loss of the services of any key employee or the failure to attract or retain other qualified personnel could have a material adverse effect on our business or business prospects.

Changes in accounting may affect our reported earnings.

For many aspects of our business, United States generally accepted accounting principles are highly complex and require subjective judgments. Additionally, changes in these accounting principles, including their interpretation and application, could significantly change our reported earnings, adding significant volatility to our reported results without a comparable underlying change in our cash flows.

We may make future acquisitions, which involve numerous risks that could impact our business and results of operations.

Our operating strategy involves expanding our scope of products and services through selective acquisitions and the formation of new business units. We have acquired, and may selectively acquire, other businesses, product or service lines, assets or technologies that are complementary to our business. We may be unable to find or consummate future acquisitions at acceptable prices and terms. We continually evaluate potential acquisition opportunities in the ordinary course of business, including those that could be material in size and scope. Acquisitions involve numerous risks, including:

- difficulties in integrating the acquired businesses, product or service lines, assets or technologies;
- diverting management's attention from normal daily operations of the business;
- entering markets in which we have no or limited direct prior experience and where competitors in such markets have stronger market positions;
- unanticipated costs and exposure to undisclosed or unforeseen liabilities;
- potential loss of key employees and customers of the acquired businesses, product or service lines, assets or technologies;
- our ability to properly establish and maintain effective internal controls over an acquired company; and
- increasing demands on our operational and information technology systems.

Although we would expect to conduct what we believe to be a prudent level of investigation regarding the operating and financial condition of the businesses, product or service lines, assets or technologies we may seek to purchase, an unavoidable level of risk remains regarding their actual operating and financial condition. Until we actually assume operating control of these businesses, product or service lines, assets or technologies, we may not be able to ascertain the actual value or understand the potential liabilities. This is particularly true with respect to acquisitions that we may consider purchasing outside the United States.

Failure to maintain adequate internal controls could adversely affect our business.

Under Section 404 of the Sarbanes-Oxley Act of 2002, we are required to include in each of our annual reports on Form 10-K a report containing our management's assessment of the effectiveness of our internal control over financial reporting. These laws, rules and regulations continue to evolve and could become increasingly stringent in the future.

We continue to devote substantial time and resources to the documentation and testing of our controls, and to planning for and implementation of remedial efforts in those instances where remediation is indicated. If we fail to maintain the adequacy of our internal controls, as such standards are modified, supplemented or amended in the future, we could be subject to regulatory actions, civil or criminal penalties or shareholder litigation. In addition, failure to maintain adequate internal controls could result in financial statements that do not accurately reflect our financial condition, results of operations and cash flows.

There are inherent limitations in all internal control systems over financial reporting, and misstatements due to error or fraud may occur and not be detected.

While we continue to take action to ensure compliance with the internal control, disclosure control and other requirements of the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated by the Securities and Exchange Commission, or SEC, and implementing these requirements, there are inherent limitations in our ability to control all circumstances. Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our internal controls and disclosure controls will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. In addition, the design of a control system must reflect the fact that there are resource constraints and the benefit of controls must be evaluated in relation to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, in our Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Further, controls can be circumvented by individual acts of some persons, by collusion of two or more persons, or by management override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, a control may be inadequate because of changes in conditions or the degree of compliance with the policies or procedures may deteriorate. Because of inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

If we do not develop improved products and new products in a timely manner in response to industry demands, our business and revenues will be adversely affected.

Our businesses are characterized by ongoing technological developments and changing customer requirements. As a result, our success and continued growth depend, in part, on our ability in a timely manner to develop or acquire rights to, and successfully introduce into the marketplace, enhancements of existing products or new products that incorporate technological advances, meet customer requirements and respond to products developed by our competition. We cannot assure you that we will be successful in developing or acquiring such rights to products on a timely basis or that such products will adequately address the changing needs of the marketplace.

Increased information technology (IT) security threats and more sophisticated and targeted computer crime could pose a risk to our systems, networks, products, solutions and services.

Increased global IT security threats and more sophisticated and targeted computer crime pose a risk to the security of our systems and networks and the confidentiality, availability and integrity of our data. While we attempt to mitigate these risks by employing a number of measures, including employee training, comprehensive monitoring of our networks and systems, and maintenance of backup and protective systems, our systems, networks, products, solutions and services remain potentially vulnerable to advanced persistent threats. Depending on their nature and scope, such threats could potentially lead to the compromise of confidential information, improper use of our systems and networks, manipulation and destruction of data, defective products, production downtimes and operational disruptions, which in turn could adversely affect our reputation, competitiveness and results of operations.

Challenges in the implementation of a new enterprise resource planning system could impede our ability to execute our strategy and/or limit, our capabilities in responding to current business requirements.

We currently operate a computer system that is reaching the end of its useful life. This system is used at many of our locations. A disruption or failure with any component or module of our computer system may result in a delay to our operations, which could negatively affect our financial results. We are undertaking a full replacement of the system, and have installed the new ERP at many of our business units. We are subject to inherent costs and risks associated with replacing and changing our systems, including the following:

- the ability to accept and fulfill customer orders;
- the potential disruption of our internal control structure;
- the use of funds for the software and training; and
- an overall strain on management resources.

The new ERP system has been, and will continue to be, deployed for use throughout our company in a number of “go live” phases, with company-wide deployment expected to be completed in early fiscal 2015. Implementing a new ERP system is costly and involves risks inherent in the conversion to a new computer system, including loss of information, disruption to our normal operations, changes in accounting procedures and internal control over financial reporting, as well as problems achieving accuracy in the conversion of electronic data. While the new ERP system is intended to further improve and enhance our information systems, large scale implementation of a new information system exposes us to the risks of starting up the new system and integrating that system with our existing systems and processes, including possible disruption of our financial reporting.

The limited liquidity for our common shares could affect your ability to sell your shares at a satisfactory price.

Our common stock is relatively illiquid. A more active public market for our common stock, however, may not develop, which would continue to adversely affect the trading price and liquidity of our common stock. Without a large float, our common stock is less liquid than the stock of companies with broader public ownership and, as a result, the trading prices of our common stock may be more volatile. In addition, in the absence of an active public trading market, liquidation of a holding of our stock at a satisfactory price might not be possible.

Item 1B. Unresolved Staff Comments:

None.

Item 2. Properties:

The following manufacturing and production facilities were owned or leased by the Company as of the date of filing this report:

| <u>User</u> | <u>Structure</u> | <u>Property/Location</u> | <u>Status</u> |
|-------------------------------------------------|------------------------------------------------------------|-------------------------------------------------------|-----------------------|
| Product Recovery/Pollution Control Technologies | 73,000 square foot, cement building, with finestone facing | 17 acres in Harleysville, Pennsylvania ⁽¹⁾ | Owned |
| | 45,500 square foot, brick building | 2.3 acres in Glendale Heights, Illinois | Owned |
| | 3,239 square foot, masonry building | Vaughan, Ontario, Canada | Leased ⁽²⁾ |
| | 63,000 square foot, metal and masonry building | 7 acres in Owosso, Michigan ⁽³⁾ | Owned |
| | 5,758 square foot, masonry building | Tualatin, Oregon | Leased ⁽⁴⁾ |
| Fluid Handling Technologies | 93,500 square foot, cement building with brick facing | 8 acres in Telford, Pennsylvania | Owned |
| | 66,000 square foot, metal building | 17.1 acres in Indianapolis, Indiana | Owned |
| Mefiag Filtration Technologies | 34,000 square foot, metal and masonry building | 1.7 acres in Heerenveen, the Netherlands | Owned |
| | Vacant land | 3 acres in Heerenveen, the Netherlands | Owned |
| | 17,168 square foot cement building | Guangzhou, People's Republic of China | Leased ⁽⁵⁾ |
| Filtration/Purification Technologies | 31,000 square foot, cement block building | 2.3 acres in Hatfield, Pennsylvania | Owned |
| | 22,000 square foot, cement block building | 2.55 acres in Waukegan, Illinois | Owned |

(1) Executive offices are housed in the building located in Harleysville, Pennsylvania.

(2) Lease expires on March 31, 2014.

(3) Mefiag Filtration Technologies leases space in the Product Recovery/Pollution Control Technologies facility located in Owosso, Michigan.

(4) Lease expires on September 30, 2013.

(5) Lease expires on July 31, 2014.

Item 3. Legal Proceedings:

Certain of the statements made in this Item 3 (and elsewhere in this Report) are “forward-looking” statements which are subject to the considerations set forth in “Forward-Looking Statements; Factors That May Affect Future Results” located in the Management’s Discussion and Analysis of Financial Condition and Results of Operations section of this Report, and we refer you to these considerations.

Beginning in 2002, the Company began to be named in asbestos-related lawsuits filed against a large number of industrial companies including, in particular, those in the pump and fluid handling industries. In management’s opinion, the complaints typically have been vague, general and speculative, alleging that the Company, along with the numerous other defendants, sold unidentified asbestos-containing products and engaged in other related actions which caused injuries (including death) and loss to the plaintiffs. Counsel has advised that more recent cases typically allege more serious claims of mesothelioma. The Company’s insurers have hired attorneys who, together with the Company, are vigorously defending these cases. Many cases have been dismissed after the plaintiff fails to produce evidence of exposure to the Company’s products. In those cases where evidence has been produced, the Company’s experience has been that the exposure levels are low and the Company’s position has been that its products were not a cause of death, injury or loss. The Company has been dismissed from or settled a large number of these cases. Cumulative settlement payments through January 31, 2013 for cases involving asbestos-related claims were \$740,000, which together with all legal fees other than corporate counsel expenses, have been paid by the Company’s insurers. The average cost per settled claim, excluding legal fees, was approximately \$25,000.

Based upon the most recent information available to the Company regarding such claims, there were a total of 157 cases pending against the Company as of January 31, 2013 (with Connecticut, New York, Pennsylvania and West Virginia having the largest number of cases), as compared with approximately 130 cases that were pending as of March 22, 2012. During the current fiscal year commencing February 1, 2012 through January 31, 2013, 59 new cases were filed against the Company, and the Company was dismissed from 33 cases and settled four cases. Most of the pending cases have not advanced beyond the early stages of discovery, although a number of cases are on schedules leading to, or are scheduled for trial. The Company believes that its insurance coverage is adequate for the cases currently pending against the Company and for the foreseeable future, assuming a continuation of the current volume, nature of cases and settlement amounts. However, the Company has no control over the number and nature of cases that are filed against it, nor as to the financial health of its insurers or their position as to coverage. The Company also presently believes that none of the pending cases will have a material adverse impact upon the Company’s results of operations, liquidity or financial condition.

At any given time, the Company is typically also party to a small number of other legal proceedings arising in the ordinary course of business. Although the ultimate outcome of any legal matter cannot be predicted with certainty, based upon the present information, including the Company’s assessment of the facts of each particular claim as well as accruals, the Company believes that no pending proceeding will have a material adverse impact upon the Company’s results of operations, liquidity, or financial condition.

Item 4. Mine Safety Disclosures:

Not applicable.

PART II

Item 5. Market for the Registrant's Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities:

(a) *Market Information.* The Company's Common Shares are traded on the New York Stock Exchange under the symbol "MPR". The high and low selling prices of the Common Shares for each quarterly period for the last two fiscal years, as reported on the New York Stock Exchange, are shown below.

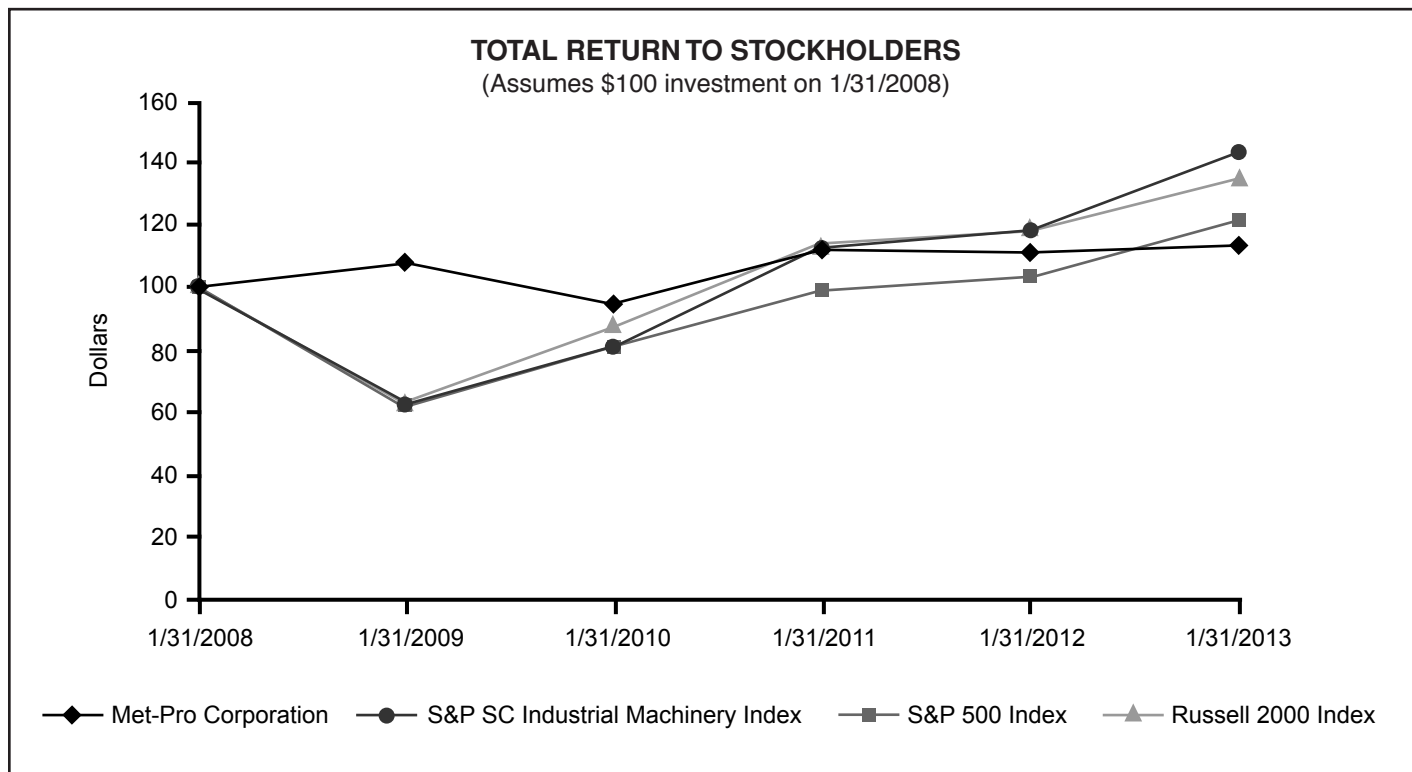
| Year ended January 31, 2013 | April | Quarter ended July | October | January |
|--------------------------------------|--------------|-------------------------------|----------------|----------------|
| Price range of common shares: | | | | |
| High | \$10.17 | \$9.39 | \$9.354 | \$10.61 |
| Low | 9.95 | 9.02 | 8.95 | 10.34 |
| Cash dividend paid | .0710 | .0710 | .0710 | .0725 |

| Year ended January 31, 2012 | April | July | October | January |
|--------------------------------------|--------------|-------------|----------------|----------------|
| Price range of common shares: | | | | |
| High | \$12.10 | \$11.98 | \$10.52 | \$10.49 |
| Low | 10.52 | 9.77 | 8.05 | 8.20 |
| Cash dividend paid | .0660 | .0660 | .0660 | .0710 |

(b) *Performance Graph.* The following graph sets forth the Company's total cumulative shareholder return as compared to the Standard and Poor's (the "S&P") 600 Small Cap Industrial Machinery Index, the S&P 500 Index and the Russell 2000 Index.

The total return on investment assumes \$100 invested at the beginning of the period in (i) the Common Shares of the Company, (ii) S&P Small Cap Machinery Index, (iii) S&P 500 Index, and (iv) the Russell 2000 Index. Total return assumes reinvestment of dividends and reflects stock splits. Historical stock price performance is not necessarily indicative of future price performance.

COMPARISON OF FIVE-YEAR CUMULATIVE TOTAL RETURN
Met-Pro Corporation, S&P SC Industrial Machinery Index,
S&P 500 Index and Russell 2000 Index



| | 2008 | 2009 | January 31, | | | |
|-----------------------------------|----------|----------|-------------|----------|----------|----------|
| | | | 2010 | 2011 | 2012 | 2013 |
| Met-Pro Corporation | \$100.00 | \$108.10 | \$94.84 | \$112.55 | \$111.65 | \$113.79 |
| S&P SC Industrial Machinery Index | 100.00 | 62.08 | 81.67 | 112.99 | 117.58 | 143.50 |
| S&P 500 Index | 100.00 | 61.39 | 81.73 | 99.86 | 104.07 | 121.53 |
| Russell 2000 Index | 100.00 | 63.15 | 87.04 | 114.33 | 117.58 | 135.77 |

(c) *Holdings.* There were 490 registered shareholders on January 31, 2013, and the Company estimates that there are approximately 4,093 additional shareholders with shares held in street name.

(d) *Dividends.* The Board of Directors declared quarterly dividends of \$0.071 per share payable on March 16, 2012, June 15, 2012 and September 14, 2012 to shareholders of record at the close of business on March 2, 2012, June 1, 2012 and August 31, 2012, respectively. The Board of Directors declared a quarterly dividend of \$0.0725 per share payable on December 17, 2012 and March 15, 2013 to shareholders of record at the close of business on December 3, 2012 and March 1, 2013, respectively (which amounts to a 2.1% increase over the \$0.071 dividend previously declared).

(e) *Securities Authorized For Issuance Under Equity Compensation Plans.* Set forth below is information aggregated as of January 31, 2013 with respect to four equity compensation plans previously approved by the Company's shareholders, being the 1997 Stock Option Plan, the 2001 Equity Incentive Plan, the 2005 Equity Incentive Plan and the 2008 Equity Incentive Plan.

| Plan Category | Number of Securities to be Issued Upon Exercise of Outstanding Restricted Stock Units, Options, Warrants and Rights | Weighted-Average Exercise Price of Outstanding Restricted Stock Units, Options Warrants and Rights | Number of Securities Remaining Available For Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (A)) |
|------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | (A) | (B) | (C) |
| Equity compensation plans approved by security holders | 1,318,657 ⁽¹⁾ | \$10.30 | 678,459 ⁽²⁾ |
| Equity compensation plans not approved by security holders | - | - | - |

⁽¹⁾ The number of securities to be issued upon exercise of outstanding options and restricted stock units for the 1997 Stock Option Plan, the 2001 Equity Incentive Plan, the 2005 Equity Incentive Plan and the 2008 Equity Incentive Plan amounted to 15,876; 393,385; 826,034 and 83,362 shares, respectively.

⁽²⁾ The number of securities remaining available for future issuance under equity compensation plans for the 1997 Stock Option Plan, the 2001 Equity Incentive Plan, the 2005 Equity Incentive Plan and the 2008 Equity Incentive Plan amounted to zero (0); zero (0); 11,821 and 666,638 shares, respectively.

(f) *Stock Repurchases.* The Company's purchases of its Common Shares during the fiscal year ended January 31, 2013, represented in the table below, were made pursuant to the Company's stock repurchase program first announced on November 5, 2008 (the "2008 Stock Buy Back Program") covering 300,000 Common Shares. This program has no fixed expiration date.

| Issuer Purchases of Equity Securities | | | | |
|--------------------------------------------------|-------------------------------------------|------------------------------------|----------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|
| Period | Total Number of Shares Purchased | Average Price Paid Per Share | Total Number of Shares Purchased As Part of Publicly Announced Plans or Programs | Maximum Number of Shares That May Yet Be Purchased Under the Plans or Programs |
| February 1-29, 2012 | - | \$- | - | 170,496 |
| March 1-31, 2012 | - | - | - | 170,496 |
| April 1-30, 2012 | - | - | - | 170,496 |
| May 1-31, 2012 | - | - | - | 170,496 |
| June 1-30, 2012 | - | - | - | 170,496 |
| July 1-31, 2012 | - | - | - | 170,496 |
| August 1-31, 2012 | - | - | - | 170,496 |
| September 1-30, 2012 | - | - | - | 170,496 |
| October 1-31, 2012 | - | - | - | 170,496 |
| November 1-30, 2012 | - | - | - | 170,496 |
| December 1-31, 2012 | - | - | - | 170,496 |
| January 1-31, 2013 | 27,448 | 10.56 | 27,448 | 143,048 |
| Total | 27,448 | \$10.56 | 27,448 | 143,048 |

Item 6. Selected Financial Data:

| | Years ended January 31, | | | | |
|-------------------------------------------|-------------------------|---------------|--------------|--------------|---------------|
| | 2013 | 2012 | 2011 | 2010 | 2009 |
| Selected Operating Statement Data | | | | | |
| Net sales | \$109,941,922 | \$100,161,392 | \$88,865,426 | \$80,132,493 | \$103,391,926 |
| Income from operations | 11,877,811 | 10,591,284 | 8,970,321 | 6,512,555 | 14,057,079 |
| Net income | 8,045,223 | 7,133,701 | 6,139,132 | 4,439,811 | 9,861,065 |
| Earnings per share, basic | .55 | .49 | .42 | .30 | .66 |
| Earnings per share, diluted | .55 | .48 | .42 | .30 | .65 |
| Selected Balance Sheet Data | | | | | |
| Current assets | \$73,142,575 | \$72,435,534 | \$65,346,052 | \$63,245,243 | \$64,161,732 |
| Current liabilities | 13,473,217 | 16,802,384 | 11,208,173 | 10,198,047 | 12,239,667 |
| Working capital | 59,669,358 | 55,633,150 | 54,137,879 | 53,047,196 | 51,922,065 |
| Current ratio | 5.4 | 4.3 | 5.8 | 6.2 | 5.2 |
| Total assets | 116,255,181 | 115,509,215 | 108,046,328 | 104,608,359 | 104,752,304 |
| Long-term obligations | 2,269,885 | 2,687,971 | 3,011,988 | 3,536,755 | 3,753,228 |
| Total shareholders' equity | 88,682,376 | 83,821,971 | 84,472,924 | 80,977,584 | 78,777,481 |
| Total capitalization | 90,952,261 | 86,509,942 | 87,484,912 | 84,514,339 | 82,530,709 |
| Return on average total assets, % | 6.9 | 6.4 | 5.8 | 4.2 | 9.2 |
| Return on average shareholders' equity, % | 9.3 | 8.5 | 7.4 | 5.6 | 12.2 |
| Other Financial Data | | | | | |
| Net cash flows from operating activities | \$5,284,478 | \$8,959,787 | \$8,597,505 | \$15,645,713 | \$12,142,087 |
| Capital expenditures | 1,997,489 | 2,097,233 | 1,665,949 | 2,133,807 | 1,580,528 |
| Dollar value of share repurchases | 289,868 | 167,534 | 935,631 | 251,612 | 7,694,333 |
| Shareholders' equity per share | 6.03 | 5.71 | 5.76 | 5.54 | 5.40 |
| Cash dividends paid per share | .2855 | .269 | .246 | .240 | .230 |
| Average common shares, basic | 14,685,038 | 14,662,055 | 14,629,215 | 14,602,276 | 14,909,809 |
| Average common shares, diluted | 14,738,035 | 14,774,692 | 14,758,659 | 14,675,735 | 15,219,540 |
| Common shares outstanding | 14,696,875 | 14,678,628 | 14,658,262 | 14,617,015 | 14,600,109 |

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations:

Forward-Looking Statements; Factors That May Affect Future Results:

Our prospects are subject to certain uncertainties and risk. This Annual Report on Form 10-K also contains certain forward-looking statements within the meaning of the Federal Securities Laws. These forward-looking statements may be identified by words describing our belief or expectation, such as where we say that we “believe”, “expect” or “anticipate”, or where we characterize something in a manner in which there is an express or implicit reference to the future, such as “non-recurring” or “unusual,” or where we express that our view is based upon the “current status” of a given matter, or upon facts as we know them as of the date of the statement. The content and/or context of other statements that we make may indicate that the statement is “forward-looking”. We claim the “safe harbor” provided by The Private Securities Reform Act of 1995 for all forward-looking statements.

Results may differ materially from our current results and actual results could differ materially from those suggested in the forward-looking statements as a result of certain risk factors and other one-time events. Please refer to other important factors disclosed previously and from time to time in Met-Pro’s other filings with the Securities and Exchange Commission.

The following discussion also should be read in conjunction with the Company’s Consolidated Financial Statements and Notes thereto included elsewhere in this Form 10-K, together with the above “Forward-Looking Statements; Factors That May Affect Future Results” and aforementioned Item 1A. “Risk Factors”.

Results of Operations:

The following table sets forth for the periods indicated the percentage of total net sales that such items represent in the consolidated statements of income.

| | Years ended January 31, | | |
|---------------------------------------------------|-------------------------|-------------|-------------|
| | 2013 | 2012 | 2011 |
| Net sales | 100.0% | 100.0% | 100.0% |
| Cost of goods sold | 65.6% | 64.7% | 63.7% |
| Gross profit | 34.4% | 35.3% | 36.3% |
| Selling expenses | 10.8% | 12.0% | 13.1% |
| General and administrative expenses | 12.8% | 12.7% | 13.1% |
| Total selling, general and administrative expense | 23.6% | 24.7% | 26.2% |
| Income from operations | 10.8% | 10.6% | 10.1% |
| Interest expense | (.2%) | (.2%) | (.2%) |
| Other income | .2% | .4% | .4% |
| Income before taxes | 10.8% | 10.8% | 10.3% |
| Provision for taxes | 3.5% | 3.7% | 3.4% |
| Net income | 7.3% | 7.1% | 6.9% |

FYE 2013 versus FYE 2012:

Net sales for the fiscal year ended January 31, 2013 were \$109.9 million compared with \$100.2 million for the fiscal year ended January 31, 2012, an increase of \$9.8 million or 9.8%.

Sales in the Product Recovery/Pollution Control Technologies reporting segment were \$49.1 million, or \$5.5 million higher than the \$43.6 million of sales for the fiscal year ended January 31, 2012, an increase of 12.6%. This sales increase in the current fiscal year was driven by higher sales in the (i) Strobic Air business unit, attributable to a \$3.5 million order booked in the prior fiscal year and shipped in the current fiscal year and (ii) Met-Pro Environmental Air Solutions business units, primarily attributable to the Bio-Reaction product line.

Sales in the Fluid Handling Technologies reporting segment totaled \$37.7 million, or \$4.4 million higher than the \$33.3 million of sales for the fiscal year ended January 31, 2012, an increase of 13.3%. The fiscal year ended January 31, 2013 benefited from a \$6.0 million Fybroc export order that was shipped and invoiced within the fiscal year, as compared to a \$3.7 million Fybroc export order that was substantially shipped and invoiced in the fiscal year ended January 31, 2012.

Sales in the Mefiag Filtration Technologies reporting segment totaled \$13.0 million, essentially flat with sales for the year ended January 31, 2012, resulting from a sales increase in our North America and China operations, offset by a sales decrease in our European operation attributable to unfavorable foreign exchange translation, compared with the prior year. The industrial markets serviced by this reporting segment are primarily comprised of the automotive and housing industries.

Sales in the Filtration/Purification Technologies segment were \$10.2 million, or \$0.2 million lower than the \$10.4 million of sales for the fiscal year ended January 31, 2012, a decrease of 1.7%. This decrease was due to lower demand in the Keystone Filter and Pristine Water Solutions businesses compared with the same period last year, as a result of price competition and continued weakness in the markets serviced by these business units.

Foreign sales were \$30.6 million for the fiscal year ended January 31, 2013, compared with \$28.0 million for the same period last year, an increase of \$2.6 million or 9.5%. This increase was primarily attributable to a foreign sales increase of 17.0% in the Fluid Handling Technologies reporting segment due to the aforementioned Fybroc export order and a 15.4% increase in the Product Recovery/Pollution Control Technologies reporting segment.

Income from operations for the fiscal year ended January 31, 2013 was \$11.9 million compared with \$10.6 million for the fiscal year ended January 31, 2012, an increase of \$1.3 million or 12.1%.

Income from operations in the Product Recovery/Pollution Control Technologies reporting segment was \$1.0 million, or \$0.2 million lower than the \$1.2 million for the fiscal year ended January 31, 2012, a decrease of 13.7%. The decrease in income from operations in this reporting segment was primarily related to three large contracts in the Met-Pro Environmental Air Solutions business unit which, although contributing \$2.7 million in revenue, were at an aggregate break even gross profit, and higher general and administrative expense. These adverse factors offset the higher gross profit margins in the Strobic Air business unit and Bio-Reaction brand compared with the same period last year.

Income from operations in the Fluid Handling Technologies reporting segment totaled \$10.0 million, or \$1.8 million higher than the \$8.2 million for the fiscal year ended January 31, 2012, an increase of 21.1%. The increase in income from operations resulted from a 13.3% increase in sales, as well as higher gross profit margins within this reporting segment.

Income from operations in the Mefiag Filtration Technologies reporting segment totaled \$0.8 million, essentially flat with the comparable fiscal year period.

Income from operations in the Filtration/Purification Technologies segment was \$0.1 million, or \$0.3 million lower than the \$0.4 million for the fiscal year ended January 31, 2012, a decrease of 79.9%. The decrease in income from operations was primarily related to lower gross margins in the Pristine Water Solutions business unit, attributable to competitive pricing pressures in the municipal markets serviced by this business unit.

Net income for the fiscal year ended January 31, 2013 was \$8.0 million compared with \$7.1 million for the fiscal year ended January 31, 2012, an increase of \$0.9 million or 12.8%.

Gross profit margin for the fiscal year ended January 31, 2013 was 34.4% compared with 35.3% for the prior fiscal year. The gross profit margin in our Product Recovery/Pollution Control Technologies and Mefiag Filtration Technologies reporting segments as well as Filtration/Purification Technologies segment were lower as compared with the same period last year, which offset higher gross profit margins in our Fluid Handling Technologies reporting segment as compared with the same period last year.

Selling expense was \$11.8 million for the fiscal year ended January 31, 2013 compared with \$12.0 million for the prior fiscal year, a decrease of \$0.2 million. The decrease in selling expense was primarily attributable to lower payroll expense partially offset by increased advertising in the current year period compared to the prior year period. Selling expense as a percentage of net sales was 10.8% for the fiscal year ended January 31, 2013 compared with 12.0% for the same period last year.

General and administrative expense was \$14.1 million for the fiscal year ended January 31, 2013, compared with \$12.8 million in the prior fiscal year, an increase of \$1.3 million. This increase was due primarily to: (i) healthcare and pension expenses which were \$0.9 million higher in the current year period compared with the same period last year and (ii) costs of

approximately \$0.7 million related to separation expenses, which included salary continuation, stock option modification and transition expenses, associated with the Company's change in its Chief Financial Officer, compared with \$0.3 million of severance expense in the prior year period. General and administrative expense as a percentage of net sales was 12.8% for the fiscal year ended January 31, 2013, compared with 12.7% for the prior fiscal year.

Interest expense was approximately \$0.2 million for each of the fiscal years ended January 31, 2013 and 2012.

Other income was \$0.2 million for the fiscal year ended January 31, 2013, compared with \$0.4 million in the prior fiscal year, a decrease of \$0.2 million. The decrease in other income was primarily attributable to higher gains on foreign currency exchange in the prior year period compared to the current year period.

The effective tax rates for the fiscal years ended January 31, 2013 and 2012 were 32.2% and 34.1%, respectively. The decrease in the effective tax rate from the previous year was primarily the result of a one-time benefit attributable to deductible stock compensation expense resulting from a change in the status of outstanding stock options.

FYE 2012 versus FYE 2011:

Net sales for the fiscal year ended January 31, 2012 were \$100.2 million compared with \$88.9 million for the fiscal year ended January 31, 2011, an increase of \$11.3 million or 12.7%.

Sales in the Product Recovery/Pollution Control Technologies reporting segment were \$43.6 million, or \$2.2 million higher than the \$41.4 million of sales for the fiscal year ended January 31, 2011, an increase of 5.2%. The sales increase was due primarily to higher sales for all product brands within the Met-Pro Environmental Air Solutions business unit, partially offset by lower sales for our Strobic Air systems that we attribute to, among other factors, elongated delivery schedules of booked orders, delays in the timing of customer orders for large projects and reduced construction in the pharmaceutical, university and other industries that purchase Strobic Air's products.

Sales in the Fluid Handling Technologies reporting segment totaled \$33.3 million, or \$5.8 million higher than the \$27.5 million of sales for the fiscal year ended January 31, 2011, an increase of 21.0%. The sales increase was due to higher sales for all product brands within this reporting segment. A large percentage of the \$5.8 million increase over the previous year was attributable to the shipment of the \$2.4 million balance of a \$3.7 million order for Fybroc brand pumps that was announced on October 12, 2010.

Sales in the Mefiag Filtration Technologies reporting segment totaled \$12.9 million, or \$3.0 million higher than the \$9.9 million of sales for the year ended January 31, 2011, an increase of 30.8%. The sales increase in the Mefiag Filtration Technologies reporting segment was due to an increase in sales across all Mefiag product lines which we attribute to an apparent improvement in the industrial markets serviced by this reporting segment which are primarily the automotive and housing industries.

Sales in the Filtration/Purification Technologies segment were \$10.4 million, or \$0.3 million higher than the \$10.1 million of sales for the fiscal year ended January 31, 2011, an increase of 3.3%. This increase in sales was due primarily to increased demand in our Keystone Filter business unit partially offset by decreased demand in our Pristine Water Solutions business unit as a result of price competition, inclement weather in certain geographic areas and continued weakness in the municipal markets serviced by this business unit.

Foreign sales were \$28.0 million for the fiscal year ended January 31, 2012, compared with \$22.4 million for the same period last year, an increase of 24.9%. Compared with the prior fiscal year, foreign sales increased 42.1% in the Fluid Handling Technologies reporting segment, 40.8% in the Mefiag Filtration Technologies reporting segment and 29.1% in the Filtration/Purification Technologies segment, offset by a decrease of 5.3% in the Product Recovery/Pollution Control Technologies reporting segment.

Income from operations for the fiscal year ended January 31, 2012 was \$10.6 million compared with \$9.0 million for the fiscal year ended January 31, 2011, an increase of \$1.6 million or 18.1%.

Income from operations in the Product Recovery/Pollution Control Technologies reporting segment was \$1.2 million, or \$0.8 million lower than the \$2.0 million for the fiscal year ended January 31, 2011, a decrease of 41.4%. The decrease in income from operations in this reporting segment was primarily related to the following: (i) lower sales for our Strobic Air systems, (ii) lower gross profit margins experienced amongst all product brands within this reporting segment due primarily to product mix,

increases in material cost and competitive pricing pressures and (iii) severance expense of approximately \$0.3 million recognized in the Company's second quarter ended July 31, 2011 as a result of the Company offering a voluntary employee early retirement program.

Income from operations in the Fluid Handling Technologies reporting segment totaled \$8.2 million, or \$2.3 million higher than the \$5.9 million for the fiscal year ended January 31, 2011, an increase of 38.7%. The increase in income from operations resulted from a 21.0% increase in sales and higher gross profit margins within this reporting segment.

Income from operations in the Mefiag Filtration Technologies reporting segment totaled \$0.8 million, or \$0.4 million higher than the \$0.4 million for the fiscal year ended January 31, 2011, an increase of 94.3%. The increase in income from operations in the Mefiag Filtration Technologies reporting segment resulted from a 30.8% increase in sales, partially offset by lower gross profit margins.

Income from operations in the Filtration/Purification Technologies segment was \$0.4 million, or \$0.2 million lower than the \$0.6 million for the fiscal year ended January 31, 2011, a decrease of 34.3%. The decrease in income from operations was related to decreased sales and lower gross margins in our Pristine Water Solutions business unit. The lower gross margins experienced in our Pristine Water Solutions business unit was due primarily to increases in material cost and competitive pricing pressures.

Net income for the fiscal year ended January 31, 2012 was \$7.1 million compared with \$6.1 million for the fiscal year ended January 31, 2011, an increase of \$1.0 million or 16.2%.

Gross profit margin for the fiscal year ended January 31, 2012 was 35.3% compared with 36.3% for the prior fiscal year. The gross profit margin in our Product Recovery/Pollution Control Technologies and Mefiag Filtration Technologies reporting segments as well as the Filtration/Purification Technologies segment were lower as compared with the same period last year, partially offset by higher gross profit margins in our Fluid Handling Technologies reporting segment as compared with the same period last year.

Selling expense was \$12.0 million for the fiscal year ended January 31, 2012 compared with \$11.7 million for the prior fiscal year. The slight increase in selling expense was primarily due to higher payroll expenses, web and print advertising and exhibitions. Selling expense as a percentage of net sales was 12.0% for the fiscal year ended January 31, 2012 compared with 13.1% for the same period last year.

General and administrative expense was \$12.8 million for the fiscal year ended January 31, 2012, compared with \$11.6 million in the prior fiscal year, an increase of \$1.2 million. The increase in general and administrative expense was primarily related to (i) higher payroll expenses, (ii) severance expense of approximately \$0.3 million recognized in the Company's second quarter ended July 31, 2011 as a result of the Company offering a voluntary employee early retirement program and (iii) higher personnel acquisition expenses. General and administrative expense as a percentage of net sales was 12.7% for the fiscal year ended January 31, 2012, compared with 13.1% for the prior fiscal year.

Interest expense was approximately \$0.2 million for each of the fiscal years ended January 31, 2012 and 2011.

Other income was \$0.4 million for each of the fiscal years ended January 31, 2012 and 2011. The increase in other income primarily related to a gain on foreign currency exchange.

The effective tax rates for the fiscal years ended January 31, 2012 and 2011 were 34.1% and 32.7%, respectively. The increase in the effective tax rate of 1.4% from the previous year was due primarily to an increase in stock option tax expense resulting from a reduction in the exercising of non-qualified stock options from the previous year, as well as due to a reevaluation of the Company's FASB ASC Topic 740 accrual.

Liquidity and Capital Resources:

The Company's principal sources of liquidity are cash flows from operations, borrowings under existing lines of credit and access to credit markets. The Company's principal uses of cash are operating expenses, capital expenditures, working capital requirements, dividends and debt service. Management expects that the Company's current cash and cash equivalent balances, cash generated from operations and unused borrowing capacity will be sufficient to support the Company's planned operating and capital requirements for the foreseeable future and at least the next twelve months.

The Company's cash and cash equivalents were \$33.3 million on January 31, 2013 compared with \$34.6 million on January 31, 2012, a decrease of \$1.3 million. The decrease in the Company's cash and cash equivalents is primarily the net result of quarterly cash dividend payments aggregating to \$4.2 million, investment in property and equipment of \$2.0 million and payments on debt totaling \$0.9 million, partially offset by the positive cash flows provided by operating activities of \$5.3 million.

The Company's cash flows from operating activities are also influenced, in part, by the timing of shipments and negotiated standard payment terms, including retention associated with major projects, as well as other factors including changes in inventories and accounts receivable balances.

Cash flows provided by operating activities during the fiscal year ended January 31, 2013 amounted to \$5.3 million compared with \$9.0 million in the prior year fiscal period, a decrease of \$3.7 million. The decrease in cash flows from operating activities, as compared with the same period last year, was due principally to the following: (i) a decrease in accounts payable and accrued expenses of \$1.4 million compared with an increase in accounts payable and accrued expenses of \$3.1 million for the same period last year, or a period-to-period cash outflow of \$4.5 million and (ii) a decrease in customers' advances of \$1.8 million compared with an increase in customers' advances of \$2.3 million for the same period last year, or a period-to-period cash outflow of \$4.1 million. These cash outflows were partially offset by the following: (i) a decrease in inventories of \$0.1 million compared with an increase in inventories of \$2.5 million for the same period last year, or a period-to-period cash inflow of \$2.5 million, (ii) a decrease in accrued pension retirement benefits of \$1.3 million compared with a decrease in accrued pension benefits of \$2.7 million for the same period last year, or a period-to-period cash inflow of \$1.4 million, (iii) net income increasing by \$0.9 million from the same period last year and (iv) an increase in accounts receivable of \$1.4 million compared with an increase in accounts receivable of \$2.2 million in the same period last year, or a period-to-period cash inflow of \$0.8 million.

Cash flows used in investing activities during the fiscal year ended January 31, 2013 amounted to \$1.8 million compared with cash flows used in investing activities of \$2.6 million for the same period last year, a decrease of \$0.8 million. The decrease in cash flows used in investing activities is due to proceeds from maturities of investments of \$1.3 million compared with proceeds from maturities of investments of \$0.5 million for the same period last year, or a period-to-period cash inflow of \$0.8 million.

Financing activities during the fiscal year ended January 31, 2013 utilized \$4.8 million of available resources, compared with \$4.2 million utilized during the prior year period. The increase in cash utilized amounting to \$0.6 million is principally due to increases in payments for dividends and debt, somewhat offset by lower borrowings under the Company's Mefiag B.V. subsidiary's line of credit, compared with the same period last year.

The Board of Directors declared quarterly dividends of \$0.071 per share payable on March 16, 2012, June 15, 2012 and September 14, 2012 to shareholders of record at the close of business on March 2, 2012, June 1, 2012 and August 31, 2012, respectively. The Board of Directors declared a quarterly dividend of \$0.0725 per share payable on December 17, 2012 and March 15, 2013 to shareholders of record at the close of business on December 3, 2012 and March 1, 2013, respectively.

The Company and its subsidiaries have access to \$4.4 million of uncommitted, unsecured domestic and foreign lines of credit, subject to terms thereof, of which \$0.8 million has been committed for standby letters of credit as of January 31, 2013.

The existing domestic credit agreements include two financial covenants: a liability/tangible net worth ratio and a fixed charge coverage ratio. At January 31, 2013, we were in compliance with both financial covenants. The required liability/tangible net worth ratio, which measures total liabilities to tangible net worth, is a maximum of 1.20 times. At January 31, 2013 and 2012, our liability/tangible net worth ratio using this measure was 0.42 times and 0.52 times, respectively. The required fixed charge coverage ratio, which is an adjusted earnings measure as defined by our facility, compared with the aggregate of interest expense, debt service, dividends and capital expenditures, is a ratio of at least 1.05 times. At January 31, 2013 and 2012, our fixed charge coverage ratio using this measure was 1.70 times and 1.54 times, respectively.

Our debt instruments contain customary event of default provisions, which allow the lenders the option of accelerating all obligations upon the occurrence of certain events. In addition, the majority of our debt instruments contain a cross default provision, whereby a default on one debt obligation of the Company in excess of a specified amount, also would be considered a default under the terms of another debt instrument. As of January 31, 2013, we were in compliance with all such provisions.

As of January 31, 2013, approximately \$1.6 million of the Company's cash and cash equivalents were held by certain non-U.S. subsidiaries, as well as being denominated in foreign currencies. The repatriation of cash and cash equivalent balances from non-U.S. subsidiaries could have adverse tax consequences; however, such cash and cash equivalent balances are generally available, without legal restrictions, to fund ordinary business operations at the local level. Deferred income taxes have not been

provided on the unremitted earnings of such non-U.S. subsidiaries because it is management's intention to reinvest such earnings in non-U.S. subsidiaries for the foreseeable future.

Management is not aware of any known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in a material increase or decrease in our liquidity or an increase in liquidity beyond the historical rate of increase. In addition, other than items discussed, there are no known material trends, favorable or unfavorable, in our capital resources and no expected material changes in the mix and relative cost of such resources.

The Company accounts for its defined benefit plans in accordance with FASB ASC Topic 715, "Compensation – Retirement Benefits". ASC Topic 715 requires that we recognize the overfunded or underfunded status of our pension plans (the "Plans") as an asset or liability in the consolidated balance sheets, with changes in the funded status recognized through other comprehensive income in the year in which they occur. ASC Topic 715 also requires us to measure the funded status of the Plans as of the year end consolidated balance sheets date. We froze the accrual of future benefits for our salaried and non-union hourly employees effective as of December 31, 2006, and for our union hourly employees effective as of December 31, 2008. As of January 31, 2013, our unfunded pension liability was approximately \$8.9 million, and we expect to contribute approximately \$1.2 million to the pension plans during the fiscal year ending January 31, 2014.

As part of our commitment to the future, the Company expended \$2.2 million and \$2.5 million on research and development in the fiscal years ended January 31, 2013 and 2012, respectively.

The Company will continue to invest in new product development to maintain and enhance its competitive position in the markets in which we participate. Capital expenditures will be made to support operations and expand our capacity to meet market demands. The Company intends to finance capital expenditures in the coming year through cash flows from operations and will secure third party financing, when deemed appropriate.

Off-Balance Sheet Arrangements:

We have no off-balance sheet arrangements, as defined in Item 303 of Regulation S-K, that have, or are reasonably likely to have, a current or future effect on our financial condition, revenues or expenses, results of operations, liquidity, capital resources or capital expenditures that are material to investors.

Contractual Obligations:

The following table summarizes the Company's contractual cash obligations as of January 31, 2013 by required payment periods:

| Payments Due By Period | Long-Term Debt | Purchase Obligations | Operating Leases | Interest Expense | Pension Contributions | Total Contractual Cash Obligations |
|-----------------------------------|---------------------------|---------------------------------|-----------------------------|-----------------------------|----------------------------------|-------------------------------------------------------|
| Less than 1 Year | \$369,622 | \$7,441,036 | \$110,392 | \$137,132 | \$1,194,591 | \$9,252,773 |
| 1 – 3 Years | 739,244 | - | 30,464 | 209,596 | 2,268,747 | 3,248,051 |
| 3 – 5 Years | 467,684 | - | - | 135,044 | 566,051 | 1,168,779 |
| More than 5 Years | 759,985 | - | - | 79,799 | 369,199 | 1,208,983 |
| Total | \$2,336,535 | \$7,441,036 | \$140,856 | \$561,571 | \$4,398,588 | \$14,878,586 |

Future expected obligations under the Company's pension plans are included in the contractual cash obligations table above, up to, but not more than five years. The Company's pension plan policy allows it to fund an amount, which could be in excess of the pension cost expensed, subject to the limitations imposed by current tax regulations. The Company currently projects that it will contribute \$1.2 million to its pension plans during the fiscal year ending January 31, 2014.

Critical Accounting Policies and Estimates:

Management's Discussion and Analysis of its Financial Position and Results of Operations are based upon the Company's consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. The significant accounting policies which we believe are the most critical to aid in fully understanding and evaluating our reported financial results include the following:

Revenue Recognition:

The Company recognizes a majority of its revenues from product sales or services provided when the following revenue recognition criteria are met: persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the selling price is fixed or determinable and collectability is reasonably assured. Revenue from contracts related to the Company's subsidiary Bio-Reaction Industries Inc., representing the minority of revenues, are recognized on the percentage of completion method, measured by the percentage of contract costs incurred to date, compared with the estimated total contract costs for each contract. This method is used because management considers contract costs to be the best available measure of progress on these contracts related to Bio-Reaction Industries Inc.

Depreciation and Amortization:

Property, plant and equipment, finite lived intangible assets and certain other long-lived assets are depreciated or amortized over their useful lives. Useful lives are based on management's estimates of the period that the assets will generate revenue. Property, plant and equipment, as well as intangible assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Goodwill:

The Company assesses the qualitative and quantitative factors which could affect the fair value of goodwill carried in its reporting units on an annual basis or more frequently when an indicator of impairment exists. Quantitative impairment testing involves significant judgment in estimating projections of fair value generated through future performance of each of the reporting units, which comprise our operating segments. In calculating the fair value of the reporting units using the present value of estimated future cash flows method, we rely on a number of assumptions including sales and related gross margin projections, operating margins, anticipated working capital requirements and market rate of returns used in discounting projected cash flows. These assumptions are based upon market and industry forecasts, our business plans and historical data. Inherent uncertainties exist in determining and applying such factors. The discount rate used in the projection of fair value represents a weighted average cost of capital available to the Company.

During the fiscal year ended January 31, 2013, we performed a quantitative impairment analysis on each of the Company's reporting units that carry goodwill on their balance sheets. In each case, the fair value exceeded the carrying amount, including goodwill, by a significant amount, except for Pristine Water Solutions, which represents 16.1% of the total Company-wide goodwill. There was a decline in net sales and operating profit of our Pristine Water Solutions business unit during the current fiscal year, that we attribute to a number of factors including raw material price increases, increased price competition, product mix, continued weaknesses in Pristine Water Solutions' principal market, the municipal market, and inclement weather in certain geographic areas which affected product demand.

For Pristine Water Solutions, the carrying value as of January 31, 2013 and 2012 amounted to \$4.3 million and \$4.6 million, respectively. The fair value of Pristine Water Solutions as of January 31, 2013 and 2012 totaled \$6.3 million and \$5.9 million, respectively. As a result, the fair value exceeded the carrying amount, including goodwill, by \$2.0 million and \$1.3 million at January 31, 2013 and 2012, respectively. Therefore, as of January 31, 2013, Pristine Water Solutions' goodwill was not impaired.

Because of market conditions and/or potential changes in strategy and product portfolio, it is possible that forecasts used to support asset carrying values may change in the future, which could result in non-cash charges that would adversely affect our results of operations and financial condition. Based on current projections, a one percent decrease in revenue growth, a one percent decrease in gross margin or a one percent increase in the weighted average cost of capital would reduce the fair value for

Pristine Water Solutions by \$1.1 million, \$0.5 million, and \$0.4 million, respectively. Additionally, the Company cannot predict the occurrence of unknown events that might adversely affect the reportable value of goodwill related to Pristine Water Solutions.

Flex-Kleen, which initially performed well after being acquired by Met-Pro, thereafter had several years of declining performance which we attributed primarily to a general weakness in its served markets. As of January 31, 2012, Flex-Kleen's fair value exceeded its carrying amount but not by a significant amount. Due to improving performance during the year ended January 31, 2013, Flex-Kleen's fair value increased and exceeded its carrying amount by a significant amount as of January 31, 2013. This improvement is attributable to general strengthening in the markets served by Flex-Kleen.

Our impairment models provide that Pristine Water Solutions' and Flex-Kleen's performance needs to continue to improve on an annual basis for a number of fiscal years in order for us not to be potentially required to write-off some or all of their goodwill. If in the future we determine that there has been an impairment of Pristine Water Solutions' and/or Flex-Kleen's goodwill, we will be required to record a non-cash charge to earnings, to the extent of the impairment, during the period in which any impairment of our goodwill or indefinite-lived intangible assets is determined, which would have an adverse impact upon our results of operations and financial position. We anticipate that Pristine Water Solutions' and Flex-Kleen's performance during the fiscal year beginning February 1, 2013 will be at a level that will not indicate impairment of their goodwill, but this expectation is a forward-looking statement where the actual results may not be as we presently anticipate.

Pension Obligations:

The determination of our obligation and expense for pension benefits is dependent on our selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 12 of the January 31, 2013 consolidated financial statements included in Form 10-K and include, among others, the discount rate and the expected long-term rate of return on plan assets. A decrease in the discount rate by 25 basis points would have had an immaterial impact on net periodic pension expense, but would have increased the projected benefit obligation by \$0.9 million. A decrease in the long-term rate of return on plan assets by 25 basis points would have increased net periodic pension expense by \$0.1 million, but would have had no impact on the projected benefit obligation. In accordance with generally accepted accounting principles, actual results that differ from our assumptions are accumulated and amortized over future periods and therefore, generally affect our recognized expense and recorded obligation in such future periods. While we believe that our assumptions are appropriate, significant differences in our actual experience or significant changes in our assumptions may materially affect our pension obligations and our future expense.

Recent Accounting Pronouncements:

In July 2012, the FASB issued ASU 2012-02, "Intangibles-Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment." This ASU simplifies how entities test indefinite-lived intangible assets for impairment which improves consistency in impairment testing requirements among long-lived asset categories. This amended standard permits an assessment of qualitative factors to determine whether it is more likely than not that the fair value of an indefinite-lived intangible asset is less than its carrying value. For assets in which this assessment concludes it is more likely than not that the fair value is more than its carrying value, these amended standards eliminate the requirement to perform quantitative impairment testing as outlined in the previously issued standards. The guidance is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012; early adoption is permitted. The adoption of this standard is not expected to have a material impact on the Company's financial position, results of operations or cash flows.

In February 2013, the FASB issued ASU 2013-02, "Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income" ("ASU 2013-02"), an update to ASC Topic 220 - Comprehensive Income. The amendments require an entity to provide information about the amounts reclassified out of accumulated other comprehensive income by component. ASU 2013-02 is effective for interim and annual reporting periods beginning on or after December 15, 2012. An entity should provide the required disclosures retrospectively for all comparative periods presented. As this accounting standard only requires enhanced disclosure, the adoption of this standard will not impact the Company's consolidated financial position, results of operations or cash flows.

Item 7A. *Quantitative and Qualitative Disclosure About Market Risks:*

We are exposed to certain market risks, primarily changes in interest rates. Market risk is the potential loss arising from adverse changes in market rates and prices, such as foreign currency exchange and interest rates. For Met-Pro Corporation, these exposures are primarily related to changes in interest rates. We do not currently hold any derivatives or other financial instruments purely for trading or speculative purposes.

The carrying value of the Company's total long-term debt and current maturities of long-term debt, at January 31, 2013 was \$2.6 million. Market risk was estimated as the potential decrease (increase) in future earnings and cash flows resulting from a hypothetical 10% increase (decrease) in the Company's estimated weighted average borrowing rate at January 31, 2013. Although most of the interest on the Company's debt is indexed to either the LIBOR or EURIBOR market rates, there would be no material effect on the future earnings or cash flows related to the Company's total debt for such a hypothetical change.

The Company has only a limited involvement with derivative financial instruments. The Company has one interest rate swap agreement to hedge against the potential impact on earnings from increases in market interest rates. Effective April 3, 2006, the Company entered into a fifteen-year interest rate swap agreement for a notional amount equal to the balance on the bond payable maturing April 2021. The Company swapped the ninety day LIBOR for a fixed rate of 4.87%. As of January 31, 2013 the effective fixed interest rate was 7.01% as a result of the swap agreement plus the interest rate floor provision of 250 basis points. The interest rate swap agreement is accounted for as a cash flow hedge that qualifies for treatment under the short-cut method of measuring effectiveness in accordance with FASB ASC Topic 815, "Derivatives and Hedging". There was no hedge ineffectiveness as of January 31, 2013. The fair value of the interest rate swap agreement resulted in a decrease in equity of \$190,873 (net of tax) and \$230,760 (net of tax) at January 31, 2013 and 2012, respectively. These results are recorded in the accumulated other comprehensive loss section of shareholders' equity. See Note 7, "Debt," in the Notes to Consolidated Financial Statements for additional information.

The Company has wholly-owned subsidiaries located in the Netherlands, Canada, the People's Republic of China and Chile. In the past, we have not hedged our foreign currency exposure, and fluctuations in exchange rates have not materially affected our operating results. Future changes in exchange rates may positively or negatively impact our revenues, operating expenses and earnings. Due to the fact that most of our foreign sales are denominated in the local currency, we do not anticipate that exposure to foreign currency rate fluctuations will be material in the fiscal year ending January 31, 2014.

Item 8. *Financial Statements and Supplementary Data:*

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Audit Committee of the Board of Directors
and Shareholders of Met-Pro Corporation

We have audited the accompanying consolidated balance sheets of Met-Pro Corporation and its wholly-owned subsidiaries (the "Company") as of January 31, 2013 and 2012, and the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows for each of the years in the three-year period ended January 31, 2013. Our audits also included the financial statement schedule as of and for the years ended January 31, 2013, 2012 and 2011 included on page 63. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Met-Pro Corporation and its wholly-owned subsidiaries as of January 31, 2013 and 2012, and the consolidated results of their operations and their cash flows for each of the years in the three-year period ended January 31, 2013, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole presents fairly, in all material aspects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Met-Pro Corporation's internal control over financial reporting as of January 31, 2013, based on the criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 21, 2013 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ Marcum LLP

Marcum LLP
Bala Cynwyd, Pennsylvania
March 21, 2013

MET-PRO CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

| | Years ended January 31, | | |
|--------------------------------------------------------------------------|--------------------------------|---------------|--------------|
| | 2013 | 2012 | 2011 |
| Net sales | \$109,941,922 | \$100,161,392 | \$88,865,426 |
| Cost of goods sold | 72,154,899 | 64,792,385 | 56,587,326 |
| Gross profit | 37,787,023 | 35,369,007 | 32,278,100 |
| Operating expenses | | | |
| Selling | 11,818,299 | 12,017,123 | 11,674,270 |
| General and administrative | 14,090,913 | 12,760,600 | 11,633,509 |
| Total selling, general and administrative | 25,909,212 | 24,777,723 | 23,307,779 |
| Income from operations | 11,877,811 | 10,591,284 | 8,970,321 |
| Interest expense | (166,206) | (191,181) | (212,470) |
| Other income | 154,076 | 434,207 | 362,046 |
| Income before taxes | 11,865,681 | 10,834,310 | 9,119,897 |
| Provision for taxes | 3,820,458 | 3,700,609 | 2,980,765 |
| Net income | \$8,045,223 | \$7,133,701 | \$6,139,132 |
| Earnings per share | | | |
| Basic | \$.55 | \$.49 | \$.42 |
| Diluted | \$.55 | \$.48 | \$.42 |
| Average number of common and common equivalent shares outstanding | | | |
| Basic | 14,685,038 | 14,662,055 | 14,629,215 |
| Diluted | 14,738,035 | 14,774,692 | 14,758,659 |

The notes to consolidated financial statements are an integral part of the above statements.

MET-PRO CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

| | Years ended January 31, | | |
|-------------------------------------------------------------------------------------------------------------|-------------------------|-------------|-------------|
| | 2013 | 2012 | 2011 |
| Net Income | \$8,045,223 | \$7,133,701 | \$6,139,132 |
| Other comprehensive income (loss), net of tax: | | | |
| Foreign currency translation adjustment | 242,856 | (230,532) | (82,149) |
| Minimum pension liability adjustment, net of tax of \$104,186, \$2,483,486 and (\$334,943), respectively | (177,397) | (4,228,638) | 570,307 |
| Interest rate swap, net of tax of (\$23,426), \$34,032 and \$6,040, respectively | 39,888 | (57,946) | (10,284) |
| Other comprehensive income (loss), net of tax | 105,347 | (4,517,116) | 477,874 |
| Total comprehensive income | \$8,150,570 | \$2,616,585 | \$6,617,006 |

The notes to consolidated financial statements are an integral part of the above statements.

MET-PRO CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

| ASSETS | January 31, | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| | 2013 | 2012 |
| Current assets | | |
| Cash and cash equivalents | \$33,305,908 | \$34,581,394 |
| Short-term investments | 1,022,266 | 764,061 |
| Accounts receivable, net of allowance for doubtful accounts of \$288,102 and \$491,138, respectively | 19,094,589 | 17,373,121 |
| Inventories | 17,870,720 | 17,847,143 |
| Prepaid expenses, deposits and other current assets | 1,848,049 | 1,683,486 |
| Deferred income taxes | 1,043 | 186,329 |
| Total current assets | 73,142,575 | 72,435,534 |
| Property, plant and equipment, net | 19,499,593 | 19,322,436 |
| Goodwill | 20,798,913 | 20,798,913 |
| Other assets | 2,814,100 | 2,952,332 |
| Total assets | \$116,255,181 | \$115,509,215 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities | | |
| Current portion of debt | \$369,622 | \$657,216 |
| Accounts payable | 6,081,691 | 7,684,739 |
| Accrued salaries, wages and benefits | 1,775,438 | 1,827,603 |
| Other accrued expenses | 2,780,051 | 2,357,929 |
| Dividend payable | 1,068,862 | 1,042,297 |
| Customers' advances | 1,397,553 | 3,232,600 |
| Total current liabilities | 13,473,217 | 16,802,384 |
| Long-term debt | 2,269,885 | 2,687,971 |
| Accrued pension retirement benefits | 9,652,313 | 10,618,047 |
| Other non-current liabilities | 58,589 | 56,391 |
| Deferred income taxes | 2,118,801 | 1,522,451 |
| Total liabilities | 27,572,805 | 31,687,244 |
| Commitments and contingencies | | |
| Shareholders' equity | | |
| Common shares, \$.10 par value; 36,000,000 shares authorized, 15,928,679 shares issued, of which 1,231,824 and 1,250,051 shares were reacquired and held in treasury at the respective dates | 1,592,868 | 1,592,868 |
| Additional paid-in capital | 4,899,188 | 4,058,735 |
| Retained earnings | 100,054,279 | 96,228,764 |
| Accumulated other comprehensive loss | (7,613,536) | (7,718,883) |
| Treasury shares, at cost | (10,250,423) | (10,339,513) |
| Total shareholders' equity | 88,682,376 | 83,821,971 |
| Total liabilities and shareholders' equity | \$116,255,181 | \$115,509,215 |

The notes to consolidated financial statements are an integral part of the above statements.

MET-PRO CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

| | Years ended January 31, | | |
|-----------------------------------------------------------------------------------|-------------------------|---------------------|---------------------|
| | 2013 | 2012 | 2011 |
| Cash flows from operating activities | | | |
| Net income | \$8,045,223 | \$7,133,701 | \$6,139,132 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation and amortization | 2,022,450 | 1,914,418 | 1,824,685 |
| Deferred income taxes | 855,679 | 1,197,654 | 439,069 |
| Loss on sales of property and equipment, net | 2,176 | 102,386 | 8,231 |
| Stock-based compensation | 903,933 | 744,306 | 645,891 |
| Allowance for doubtful accounts | (203,036) | 46,986 | 240,133 |
| Change in operating assets and liabilities: | | | |
| Accounts receivable | (1,424,056) | (2,173,195) | (1,464,863) |
| Inventories | 62,511 | (2,450,559) | 676,071 |
| Prepaid expenses, deposits and other assets | (476,387) | (350,416) | (243,598) |
| Accounts payable and accrued expenses | (1,423,633) | 3,116,045 | 977,454 |
| Customers' advances | (1,835,262) | 2,323,603 | 22,004 |
| Accrued pension retirement benefits | (1,247,317) | (2,647,339) | (668,901) |
| Other non-current liabilities | 2,197 | 2,197 | 2,197 |
| Net cash provided by operating activities | 5,284,478 | 8,959,787 | 8,597,505 |
| Cash flows from investing activities | | | |
| Proceeds from sales of property and equipment | - | 33,566 | 36,387 |
| Acquisitions of property and equipment | (1,997,489) | (2,097,233) | (1,665,949) |
| Purchases of investments | (1,022,266) | (1,010,535) | (745,218) |
| Proceeds from maturities of investments | 1,258,596 | 497,155 | 725,004 |
| Payment for acquisition of business | - | - | (955,268) |
| Net cash used in investing activities | (1,761,159) | (2,577,047) | (2,605,044) |
| Cash flows from financing activities | | | |
| Proceeds from new borrowings | 224,336 | 477,692 | 189,074 |
| Reduction of debt | (877,645) | (727,399) | (717,134) |
| Exercise of stock options | 296,108 | 152,970 | 780,834 |
| Payment of dividends | (4,193,142) | (3,943,332) | (3,597,539) |
| Purchase of treasury shares | (289,868) | (167,534) | (935,631) |
| Net cash used in financing activities | (4,840,211) | (4,207,603) | (4,280,396) |
| Effect of exchange rate changes on cash | 41,406 | 5,443 | 26,645 |
| Net (decrease) increase in cash and cash equivalents | (1,275,486) | 2,180,580 | 1,738,710 |
| Cash and cash equivalents at beginning of year | 34,581,394 | 32,400,814 | 30,662,104 |
| Cash and cash equivalents at end of year | \$33,305,908 | \$34,581,394 | \$32,400,814 |

The notes to consolidated financial statements are an integral part of the above statements.

MET-PRO CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

| | Common Shares | Additional Paid-in Capital | Retained Earnings | Accumulated Other Comprehensive Income/(Loss) | Treasury Shares | Total |
|----------------------------------------|------------------|----------------------------------|----------------------|--------------------------------------------------------|--------------------|--------------|
| Balances, January 31, 2010 | \$1,592,868 | \$2,988,950 | \$90,662,820 | (\$3,679,641) | (\$10,587,413) | \$80,977,584 |
| Net income | - | - | 6,139,132 | - | - | 6,139,132 |
| Other comprehensive income, net of tax | - | - | - | 477,874 | - | 477,874 |
| Dividends | - | - | (3,688,705) | - | - | (3,688,705) |
| Stock-based compensation | - | 645,891 | - | - | - | 645,891 |
| Stock option transactions | - | (262,537) | - | - | 1,043,371 | 780,834 |
| Purchase of 86,406 treasury shares | - | - | - | - | (935,631) | (935,631) |
| Stock option tax benefit | - | 75,945 | - | - | - | 75,945 |
| Balances, January 31, 2011 | 1,592,868 | 3,448,249 | 93,113,247 | (3,201,767) | (10,479,673) | 84,472,924 |
| Net income | - | - | 7,133,701 | - | - | 7,133,701 |
| Other comprehensive (loss), net of tax | - | - | - | (4,517,116) | - | (4,517,116) |
| Dividends | - | - | (4,018,184) | - | - | (4,018,184) |
| Stock-based compensation | - | 744,306 | - | - | - | 744,306 |
| Stock option transactions | - | (53,002) | - | - | 205,972 | 152,970 |
| Restricted stock unit transactions | - | (101,722) | - | - | 101,722 | - |
| Purchase of 16,861 treasury shares | - | - | - | - | (167,534) | (167,534) |
| Stock option tax benefit | - | 20,904 | - | - | - | 20,904 |
| Balances, January 31, 2012 | 1,592,868 | 4,058,735 | 96,228,764 | (7,718,883) | (10,339,513) | 83,821,971 |
| Net income | - | - | 8,045,223 | - | - | 8,045,223 |
| Other comprehensive income, net of tax | - | - | - | 105,347 | - | 105,347 |
| Dividends | - | - | (4,219,708) | - | - | (4,219,708) |
| Stock-based compensation | - | 903,933 | - | - | - | 903,933 |
| Stock option transactions | - | (13,507) | - | - | 309,615 | 296,108 |
| Restricted stock unit transactions | - | (69,343) | - | - | 69,343 | - |
| Purchase of 27,448 treasury shares | - | - | - | - | (289,868) | (289,868) |
| Stock option tax benefit | - | 19,370 | - | - | - | 19,370 |
| Balances, January 31, 2013 | \$1,592,868 | \$4,899,188 | \$100,054,279 | (\$7,613,536) | (\$10,250,423) | \$88,682,376 |

The notes to consolidated financial statements are an integral part of the above statements.

MET-PRO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED JANUARY 31, 2013, 2012 AND 2011

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of operations:

The Company manufactures and sells product recovery and pollution control equipment for purification of air and liquids, fluid handling equipment for corrosive, abrasive and high temperature liquids, and filtration and purification products. The Company markets and sells its products through its own personnel, distributors, representatives and agents. The Company's products are sold worldwide primarily in industrial markets.

Basis of presentation:

The consolidated financial statements include the accounts of Met-Pro Corporation ("Met-Pro" or the "Company") and its direct and indirect wholly-owned subsidiaries: Mefiag B.V., Met-Pro Product Recovery/Pollution Control Technologies Inc., Strobic Air Corporation, MPC Inc., Pristine Water Solutions Inc., Mefiag (Guangzhou) Filter Systems Ltd., Met-Pro (Hong Kong) Company Limited, Met-Pro Industrial Services Inc., Bio-Reaction Industries Inc., Met-Pro Holdings LLC and Met-Pro Chile Limitada. Significant intercompany accounts and transactions have been eliminated.

Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Foreign currency translation:

Assets and liabilities of the Company's foreign subsidiaries are translated at current exchange rates, while income and expenses are translated at average rates for the period. Translation gains and losses are reported as a component of accumulated other comprehensive income in the consolidated statements of shareholders' equity.

Comprehensive income (loss):

Comprehensive income includes all changes to shareholders' equity during a period, except those resulting from investment by and distribution to shareholders. Components of comprehensive income include net income, foreign currency translation adjustment, minimum pension liability adjustment, net of tax and interest rate swap, net of tax.

Fair Value of Financial Instruments:

Under the accounting for fair value measurements and disclosures, a fair value hierarchy was established that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

MET-PRO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEARS ENDED JANUARY 31, 2013, 2012 AND 2011

We use the following valuation techniques to measure fair value for our assets and liabilities:

Level 1 Quoted market prices in active markets for identical assets or liabilities;

Level 2 Significant other observable inputs (e.g. quoted prices for similar items in active markets, quoted prices for identical or similar items in markets that are not active, inputs other than quoted prices that are observable such as interest rate and yield curves, and market-corroborated inputs); and

Level 3 Unobservable inputs for the asset or liability, which are valued based on management's estimates of assumptions that market participants would use in pricing the asset or liability.

The amounts reported on the consolidated balance sheets for cash and cash equivalents, short-term investments, accounts receivable, other assets and short-term debt approximate fair value due to the short-term nature of these instruments.

Inventories:

Inventories are stated at the lower of cost (principally first-in, first-out) or market, except for the inventory in the Met-Pro Global Pump Solutions business unit (Dean Pump product brand) which is determined on the last-in, first-out basis (see Note 5).

Property, plant and equipment:

Property, plant and equipment are stated at cost, net of accumulated depreciation. Expenditures for maintenance and repairs are charged to expense as incurred. Renewals and betterments are capitalized (see Note 6). Upon sale or disposal of the property, plant and equipment, the applicable amounts of asset cost and accumulated depreciation are removed from the accounts, and the net amount, less any proceeds from sale, is recorded in income. For financial reporting purposes, provisions for depreciation are calculated on a straight-line basis over the following estimated useful lives of the assets:

| | Years |
|----------------------------|--------------|
| Buildings and improvements | 10-39 |
| Machinery and equipment | 5-10 |
| Furniture and fixtures | 5-7 |
| Automotive equipment | 3 |

The carrying amounts of all long-lived assets are evaluated periodically to determine if an adjustment to the depreciation period or the non-depreciated balance is warranted. Based upon its most recent analysis, the Company believes that no impairment of property, plant and equipment exists as of January 31, 2013.

Goodwill:

Quantitative impairment testing involves significant judgment in estimating projections of fair value generated through future performance of each of the reporting units, which comprise our operating segments. In calculating the fair value of the reporting units using the present value of estimated future cash flows method, we rely on a number of assumptions including sales and related gross margin projections, operating margins, anticipated working capital requirements and market rate of returns used in discounting projected cash flows. These assumptions are based upon market and industry forecasts, our business plans and historical data. Inherent uncertainties exist in determining and applying such factors. The discount rate used in the projection of fair value represents a weighted average cost of capital available to the Company.

No impairment was present upon performing the annual impairment testing in the fiscal year ended January 31, 2013, as the result of such testing was that the fair value of each reporting unit exceeded its carrying value, including goodwill. At January 31, 2013, the goodwill associated with the Company's three reporting segments and one other segment totaled \$20,798,913.

MET-PRO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEARS ENDED JANUARY 31, 2013, 2012 AND 2011

The carrying amount of goodwill, by the three reporting segments and one other segment for the fiscal year ended January 31, 2013, is as follows:

| | Product Recovery/ Pollution Control Technologies | Fluid Handling Technologies | Mefiag Filtration Technologies | Filtration/ Purification Technologies | Total |
|-------------------------------------|-----------------------------------------------------------------|----------------------------------------|-----------------------------------------------|------------------------------------------------------|--------------|
| Balance as of February 1, 2012 | \$15,706,667 | \$11,542 | \$1,732,482 | \$3,348,222 | \$20,798,913 |
| Goodwill acquired during the period | - | - | - | - | - |
| Balance as of January 31, 2013 | \$15,706,667 | \$11,542 | \$1,732,482 | \$3,348,222 | \$20,798,913 |

There was no change in the carrying amount of goodwill for the fiscal year ended January 31, 2012.

Other intangible assets:

The Company maintains intangible assets with finite and indefinite lives. The following is a summary of the Company's components of other intangible assets, which are reported in other assets on the consolidated balance sheets.

| | January 31, 2013 | | January 31, 2012 | |
|-------------------------------|----------------------------------|-------------------------------------|----------------------------------|-------------------------------------|
| | Gross Carrying Amount | Accumulated Amortization | Gross Carrying Amount | Accumulated Amortization |
| Amortized intangible assets | | | | |
| Patents | \$791,194 | (\$197,855) | \$761,821 | (\$131,665) |
| Customer lists | 384,000 | (288,167) | 384,000 | (275,667) |
| Intellectual property | 195,886 | (195,886) | 195,886 | (195,886) |
| Other | 181,337 | (134,656) | 181,337 | (110,753) |
| | <u>\$1,552,417</u> | <u>(\$816,564)</u> | <u>\$1,523,044</u> | <u>(\$713,971)</u> |
| Unamortized intangible assets | | | | |
| Trademarks | <u>\$11,963</u> | <u>\$0</u> | <u>\$11,963</u> | <u>\$0</u> |

The following is a summary of the amortization expense related to the Company's components of other intangible assets:

| | |
|-----------------------------------------|----------|
| Amortization expense for the year ended | |
| January 31, 2011 | \$52,017 |
| January 31, 2012 | 107,851 |
| January 31, 2013 | 102,593 |

Estimated amortization expense for the year ending

| | |
|------------------|------------------|
| January 31, 2014 | \$82,117 |
| January 31, 2015 | 81,671 |
| January 31, 2016 | 80,724 |
| January 31, 2017 | 79,057 |
| January 31, 2018 | 75,724 |
| Thereafter | <u>336,560</u> |
| | <u>\$735,853</u> |

MET-PRO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEARS ENDED JANUARY 31, 2013, 2012 AND 2011

For financial reporting purposes, provisions for amortization are calculated on a straight-line basis over the following estimated useful lives for the identified intangible assets:

| | <u>Years</u> |
|-----------------------|--------------|
| Patents | 6-20 |
| Customer lists | 10 |
| Intellectual property | 10 |
| Other | 2-20 |

Asset Available for Sale:

The Company maintains a vacant plot of land available for sale in Heerenveen, the Netherlands amounting to \$567,459 and \$546,771 as of January 31, 2013 and 2012, respectively. This asset available for sale is reported in other assets on the consolidated balance sheets.

Revenue recognition:

The Company recognizes a majority of its revenues from product sales or services provided when the following revenue recognition criteria are met: persuasive evidence of an arrangement exists; delivery has occurred or services have been rendered; and the selling price is fixed or determinable and collectability is reasonably assured. FASB ASC Topic 605, "Revenue Recognition" ("ASC Topic 605"), provides guidance on the application of generally accepted accounting principles to selected revenue recognition issues. Revenue from contracts related to the Company's subsidiary Bio-Reaction Industries Inc., representing less than 5% of revenues, are recognized on the percentage of completion method, measured by the percentage of contract costs incurred to date, compared with the estimated total contract costs for each contract. This method is used because management considers contract costs to be the best available measure of progress on these contracts related to Bio-Reaction Industries Inc. The Company has concluded that its revenue recognition policy is appropriate and in accordance with ASC Topic 605.

Advertising:

Advertising costs are charged to operations in the year incurred and were \$1,354,995, \$1,258,220, and \$988,217 for the years ended January 31, 2013, 2012, and 2011, respectively.

Research and development:

Research and development costs are charged to operations in the year incurred and were \$2,155,025, \$2,512,923, and \$2,242,052 for the years ended January 31, 2013, 2012, and 2011, respectively.

Stock-based compensation:

The Company accounts for stock-based compensation under the provisions of FASB ASC Topic 718, "Compensation – Stock Compensation", which requires the recognition of the fair value of stock-based compensation. Under the fair value recognition provisions for FASB ASC Topic 718, stock-based compensation is estimated at the grant date based on the fair value of the awards expected to vest and recognized as expense ratably over the requisite service period of the award. The Company uses the Black-Scholes valuation model to estimate fair value of stock-based awards, which requires various assumptions including estimating stock price volatility, forfeiture rates and expected life.

MET-PRO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEARS ENDED JANUARY 31, 2013, 2012 AND 2011

Income Taxes:

Income taxes are determined using the asset and liability method of accounting for income taxes in accordance with FASB ASC Topic 740, "Income Taxes". Under ASC Topic 740, tax expense includes U.S. and international income taxes plus the provision for U.S. taxes on undistributed earnings of international subsidiaries not deemed to be permanently invested. Tax credits and other incentives reduce tax expense in the year the credits are claimed. Certain items of income and expense are not reported in tax returns and financial statements in the same year. The tax effect of such temporary differences is reported in deferred income taxes. Deferred tax assets are recognized if it is more likely than not that the assets will be realized in future years. The Company establishes a valuation allowance for deferred tax assets for which realization is not more likely than not.

Income tax contingencies are accounted for in accordance with FASB ASC Topic 740-10-20, "Income Taxes". Significant judgment is required in determining the Company's worldwide provision for income taxes and recording the related assets and liabilities. In the ordinary course of our business, there are many transactions and calculations where the ultimate tax determination is less than certain. The Company is examined by various Federal, State, and foreign tax authorities. The Company regularly assesses the potential outcomes of these examinations and any future examinations for the current or prior years in determining the adequacy of our provision for income taxes. The Company continually assesses the likelihood and amount of potential adjustments and records any necessary adjustments in the period in which the facts that give rise to a revision become known.

The Company recognizes interest accrued related to unrecognized tax liabilities in interest expense and penalties in general and administrative expenses. No such interest and penalties were recognized during the years ended January 31, 2013, 2012 and 2011.

Earnings per share:

Basic earnings per share are computed based on the weighted average number of common shares outstanding during each year.

Diluted earnings per share are computed based on the weighted average number of shares outstanding plus all potential dilutive common shares outstanding (stock options) and awards of restricted stock units during each year.

Dividends payable:

On December 20, 2012, the Board of Directors declared a \$0.0725 per share quarterly cash dividend payable on March 15, 2013 to shareholders of record at the close of business on March 1, 2013, amounting to an aggregate of \$1,068,862.

Concentrations of credit risk:

Financial instruments which potentially subject the Company to concentrations of credit risk consist of cash and cash equivalents (see Note 3) and trade accounts receivable. The Company believes concentrations of accounts receivable credit risk are limited due to the number of customers and dispersion among the operating segments and geographic areas. It is the policy of management to review the outstanding accounts receivable balance at the end of each reporting period, as well as the bad debt write-offs experienced in the past, and establish an allowance for doubtful accounts for uncollectible amounts.

Supplemental cash flow information:

| | 2013 | 2012 | 2011 |
|--------------------------------|-----------|-----------|-----------|
| Cash paid during the year for: | | | |
| Interest | \$167,619 | \$192,971 | \$210,497 |
| Income taxes | 3,258,500 | 2,394,238 | 2,096,789 |

MET-PRO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEARS ENDED JANUARY 31, 2013, 2012 AND 2011

Subsequent events:

The Company evaluates events that have occurred after the balance sheet date but before the financial statements are issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required adjustment or disclosure in the consolidated financial statements.

NOTE 2: NEW OR RECENT ACCOUNTING PRONOUNCEMENTS

In July 2012, the FASB issued ASU 2012-02, "Intangibles-Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment." This ASU simplifies how entities test indefinite-lived intangible assets for impairment which improves consistency in impairment testing requirements among long-lived asset categories. This amended standard permits an assessment of qualitative factors to determine whether it is more likely than not that the fair value of an indefinite-lived intangible asset is less than its carrying value. For assets in which this assessment concludes it is more likely than not that the fair value is more than its carrying value, these amended standards eliminate the requirement to perform quantitative impairment testing as outlined in the previously issued standards. The guidance is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012; early adoption is permitted. The adoption of this standard is not expected to have a material impact on the Company's financial position, results of operations or cash flows.

In February 2013, the FASB issued ASU 2013-02, "Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income" ("ASU 2013-02"), an update to ASC Topic 220 - Comprehensive Income. The amendments require an entity to provide information about the amounts reclassified out of accumulated other comprehensive income by component. ASU 2013-02 is effective for interim and annual reporting periods beginning on or after December 15, 2012. An entity should provide the required disclosures retrospectively for all comparative periods presented. As this accounting standard only requires enhanced disclosure, the adoption of this standard will not impact the Company's consolidated financial position, results of operations or cash flows.

NOTE 3: FAIR VALUE OF FINANCIAL INSTRUMENTS

Cash and cash equivalents:

Cash and cash equivalents at January 31, 2013 and 2012 amounted to \$33,305,908 and \$34,581,394, respectively. The cash and cash equivalents balance at January 31, 2013 was comprised of the following: (i) cash amounting to \$11,237,309 and (ii) cash equivalents consisting of money market funds amounting to \$22,068,599. The Company places its cash deposits and temporary cash investments with financial institutions, that at times, may be uninsured or in deposit accounts that exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limit. At January 31, 2013, the Company's cash and cash equivalents were held at 20 financial institutions.

Short-term investments:

Short-term investments at January 31, 2013 and 2012 amounted to \$1,022,266 and \$764,061, respectively. The short-term investment balance at January 31, 2013 was comprised of four certificates of deposit with twelve month maturity dates. The short-term investment balance at January 31, 2012 was comprised of two certificates of deposit with nine month maturity dates and one certificate of deposit with a twelve month maturity date.

Long-term investments:

Long-term investments at January 31, 2013 and 2012 amounted to zero and \$494,537, respectively, which are reported in other assets on the consolidated balance sheets. The long-term investment balance at January 31, 2012 was comprised of two certificates of deposit with fourteen and fifteen month maturity dates. The Company evaluates the creditworthiness of the financial institutions and the financial instruments in which it invests.

MET-PRO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEARS ENDED JANUARY 31, 2013, 2012 AND 2011

Debt:

The estimated fair value and carrying amount of debt were as follows:

| | January 31, | |
|-----------------|--------------------|-------------|
| | 2013 | 2012 |
| Fair value | \$2,853,342 | \$3,747,061 |
| Carrying amount | 2,639,507 | 3,345,187 |

Valuations for debt are determined based on borrowing rates currently available to the Company for loans with similar terms and maturities.

The Company uses an interest rate swap (see Note 7) to minimize its exposure to fluctuations in interest rates. The interest rate differential to be paid or received under this agreement is recognized over the term of the loan and is included in interest expense.

The Company's financial instruments are not held for trading purposes.

Fair value measurements:

The following table summarizes the basis used to measure the Company's financial assets (liabilities) at fair value on a recurring basis in the consolidated balance sheets at January 31, 2013 and 2012:

| | Balance at | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|------------------------------------------------|-------------------------|-------------------------------------------------------------------------------------------|------------------------------------------------------------|--------------------------------------------------------------|
| | January 31, 2013 | | | |
| Cash and cash equivalents | \$33,305,908 | \$33,305,908 | \$- | \$- |
| Short-term investments | 1,022,266 | 1,022,266 | - | - |
| Cash surrender value - life insurance policies | 1,389,781 | - | 1,389,781 | - |
| Interest rate swap agreement | (302,972) | - | (302,972) | - |
| | \$35,414,983 | \$34,328,174 | \$1,086,809 | \$- |

| | Balance at | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|------------------------------------------------|-------------------------|-------------------------------------------------------------------------------------------|------------------------------------------------------------|--------------------------------------------------------------|
| | January 31, 2012 | | | |
| Cash and cash equivalents | \$34,581,394 | \$34,581,394 | \$- | \$- |
| Short-term investments | 764,061 | 764,061 | - | - |
| Long-term investments | 494,537 | 494,537 | - | - |
| Cash surrender value - life insurance policies | 1,089,989 | - | 1,089,989 | - |
| Interest rate swap agreement | (366,286) | - | (366,286) | - |
| | \$36,563,695 | \$35,839,992 | \$723,703 | \$- |

There were no transfers of assets or liabilities between Level 1 and Level 2 in the fiscal years ended January 31, 2013 or 2012.

MET-PRO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEARS ENDED JANUARY 31, 2013, 2012 AND 2011

The predominance of market inputs are actively quoted and can be validated through external sources, including brokers, market transactions and third-party pricing services. The Company's cash surrender value of life insurance policies (which are reported in other assets on the consolidated balance sheets) and the interest rate swap agreement are valued using Level 2 measurements based on quotes for like instruments with similar credit ratings and terms, as provided by the applicable financial institutions.

NOTE 4: EARNINGS PER SHARE COMPUTATIONS

Basic earnings per share is based on the weighted average number of common shares outstanding. Diluted earnings per share is based on the weighted average number of common shares outstanding and potentially dilutive shares. The dilutive effect of employee stock options and awards of restricted stock units are included in the computation of diluted earnings per share. The dilutive effect of stock options is calculated using the treasury stock method and expected proceeds upon exercise of the stock options.

The following table summarizes the shares used in computing basic and diluted net income per common share:

| | January 31, | | |
|--------------------------------------------------------------------------------------|--------------------|-------------|-------------|
| | 2013 | 2012 | 2011 |
| Numerator: | | | |
| Net income | \$8,045,223 | \$7,133,701 | \$6,139,132 |
| Denominator: | | | |
| Weighted average common shares outstanding during the period for basic computation | 14,685,038 | 14,662,055 | 14,629,215 |
| Dilutive effect of stock-based compensation plans | 52,997 | 112,637 | 129,444 |
| Weighted average common shares outstanding during the period for diluted computation | 14,738,035 | 14,774,692 | 14,758,659 |
| Earnings per share, basic | \$.55 | \$.49 | \$.42 |
| Earnings per share, diluted | \$.55 | \$.48 | \$.42 |

For the fiscal years ended January 31, 2013, 2012 and 2011, employee stock options to purchase 653,634, 616,585, and 642,585 common shares were excluded from the calculations of diluted earnings per share as the calculated proceeds from the options' exercises were greater than the market price of the Company's common shares during these periods.

NOTE 5: INVENTORIES

Inventories consisted of the following:

| | January 31, | |
|-----------------|--------------------|--------------|
| | 2013 | 2012 |
| Raw materials | \$13,262,612 | \$12,673,210 |
| Work in process | 2,966,664 | 2,808,747 |
| Finished goods | 1,641,444 | 2,365,186 |
| | \$17,870,720 | \$17,847,143 |

At January 31, 2013 and 2012, inventories valued at the last-in, first-out method ("LIFO") were \$2,367,256 and \$1,790,705, respectively. The LIFO value of inventories was lower than replacement cost by \$1,599,392 and \$1,553,153 at January 31, 2013 and 2012, respectively.

MET-PRO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEARS ENDED JANUARY 31, 2013, 2012 AND 2011

The book basis of LIFO inventories exceeded the tax basis by approximately \$867,107 and \$866,900 at January 31, 2013 and January 31, 2012, respectively, as a result of applying the provisions of FASB ASC Topic 805, "Business Combinations", to an acquisition completed in a prior year.

NOTE 6: PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following:

| | January 31, | |
|-------------------------------|---------------------|---------------------|
| | 2013 | 2012 |
| Land | \$1,949,449 | \$1,946,228 |
| Buildings and improvements | 21,799,914 | 20,980,144 |
| Machinery and equipment | 14,975,564 | 14,201,851 |
| Furniture and fixtures | 6,172,741 | 5,514,662 |
| Automotive equipment | 1,607,259 | 1,504,380 |
| Construction in progress | 838,530 | 1,654,176 |
| | 47,343,457 | 45,801,441 |
| Less accumulated depreciation | 27,843,864 | 26,479,005 |
| | <u>\$19,499,593</u> | <u>\$19,322,436</u> |

Depreciation of property, plant and equipment charged to operations amounted to \$1,919,497, \$1,806,567, and \$1,772,668 for the fiscal years ended in 2013, 2012 and 2011, respectively.

MET-PRO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEARS ENDED JANUARY 31, 2013, 2012 AND 2011

NOTE 7: DEBT

The Company and its subsidiaries have domestic and foreign uncommitted, unsecured lines of credit totaling \$4,407,340 which can be used for working capital. Of the total lines of credit available, the foreign unsecured line of credit totals \$407,340 (300,000 Euro). As of January 31, 2013 and 2012 the Company had zero outstanding borrowings from its domestic line of credit. The Company's Mefiag B.V. subsidiary's line of credit, which is with a bank in The Netherlands, had zero outstanding borrowings as of January 31, 2013 and \$265,581, or 202,997 Euro, as of January 31, 2012.

Short-term and long-term debt consisted of the following:

| | January 31, | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-------------|
| | 2013 | 2012 |
| Bond payable, bank, payable in quarterly installments of \$58,460, plus interest at a rate equal to the greater of (i) 16 basis points below the ninety day LIBOR rate or (ii) 250 basis points (effective interest rate of 2.50% at both January 31, 2013 and 2012), maturing April, 2021, collateralized by the Telford, PA building | \$1,929,195 | \$2,163,037 |
| Note payable, bank, payable in quarterly installments of \$33,945 (25,000 Euro), plus interest at a fixed rate of 3.82%, maturing January, 2016, collateralized by the Heerenveen, Netherlands building | 407,340 | 523,320 |
| Equipment note, payable in monthly installments of \$13,482, no interest, matured March 2012 | - | 26,963 |
| Line of credit, \$265,581, or 202,997 Euro, payable upon demand, plus interest at a rate of 70 basis points over the thirty day EURIBOR rate (effective interest rate of 1.41% at January 31, 2012) | - | 265,581 |
| | 2,336,535 | 2,978,901 |
| Less current portion | 369,622 | 657,216 |
| | 1,966,913 | 2,321,685 |
| Fair market value of interest rate swap liability | 302,972 | 366,286 |
| Long-term portion | \$2,269,885 | \$2,687,971 |

One of the notes payable and the bond payable are subject to certain covenants, including maintenance of prescribed amounts of leverage and fixed charge coverage ratios. As of January 31, 2013, the Company is in compliance with all applicable covenants.

The Company has an interest rate swap agreement to hedge against the potential impact on earnings from increases in market interest rates. Effective April 3, 2006, the Company entered into a fifteen-year interest rate swap agreement for a notional amount equal to the balance on the bond payable maturing in April 2021. The Company swapped the ninety-day LIBOR for a fixed rate of 4.87%. As of January 31, 2013, the effective interest rate was 7.01% as a result of the swap agreement plus the interest rate floor provision of 250 basis points. The interest rate swap agreement is accounted for as a cash flow hedge that qualifies for treatment under the short-cut method of measuring effectiveness in accordance with FASB ASC Topic 815, "Derivatives and Hedging". There was no hedge ineffectiveness as of January 31, 2013. The fair value of the interest rate swap agreement resulted in a decrease in equity of \$190,873 (net of tax), \$230,760 (net of tax), and \$172,814 (net of tax) at January 31,

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEARS ENDED JANUARY 31, 2013, 2012 AND 2011

2013, 2012 and 2011, respectively. These results are recorded in the accumulated other comprehensive income (loss) section of shareholders' equity.

The bank has issued and has outstanding standby letters of credit to customers totaling \$805,304 as of January 31, 2013, which have expiration dates during the fiscal years ending January 31, 2014.

Maturities of short-term and long-term debt are as follows:

| Year Ending January 31, | |
|------------------------------------|--------------------|
| 2014 | \$369,622 |
| 2015 | 369,622 |
| 2016 | 369,622 |
| 2017 | 233,842 |
| 2018 | 233,842 |
| Thereafter | 759,985 |
| | \$2,336,535 |

NOTE 8: SHAREHOLDERS' EQUITY

During the fiscal years ended January 31, 2013 and 2012, the Company repurchased 27,448 and 16,861 shares, respectively, pursuant to a 300,000 share stock repurchase program authorized by the Company's Board of Directors on November 5, 2008. The 300,000 share stock repurchase program has no fixed expiration date and, as of January 31, 2013, there were 143,048 shares remaining under the program.

The Company has a Shareholders' Rights Plan, as amended, under which the Company's Board of Directors declared a dividend of one Right for each Common Share owned. The Plan provides, under certain conditions involving acquisition of the Company's Common Shares, that holders of Rights, except for the acquiring entity, would be entitled to purchase Common Shares of the Company, or acquiring company, having a value of twice the Rights' exercise price. The Rights under the Plan expire in 2020.

NOTE 9: STOCK-BASED COMPENSATION

Equity Incentive Plans:

In 1997, the Board of Directors of the Company approved a stock option plan covering 350,000 shares (increased to 829,629 shares after giving effect to stock splits effective October 15, 2003, November 15, 2005 and November 14, 2007) that was approved by the Company's shareholders at the 1997 meeting of shareholders (the "1997 Plan"). In 2001, the Board of Directors of the Company approved an equity incentive plan covering 350,000 shares (increased to 829,629 shares after giving effect to stock splits effective October 15, 2003, November 15, 2005 and November 14, 2007) that was approved by the Company's shareholders at the 2001 meeting of shareholders (the "2001 Plan"). In 2005, the Board of Directors of the Company approved an equity incentive plan covering 500,000 shares (increased to 888,888 shares after giving effect to stock splits effective November 15, 2005 and November 14, 2007) that was approved by the Company's shareholders at the 2005 meeting of shareholders (the "2005 Plan"). In 2008, the Board of Directors of the Company approved an equity incentive plan covering 750,000 shares that was approved by the Company's shareholders at the 2008 meeting of shareholders (the "2008 Plan"). These plans contain anti-dilution provisions that apply to stock splits and stock dividends declared by the Company.

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The Company grants equity awards to its senior executives and non-employee Directors. Historically, this has consisted of stock option awards. In December 2010, the Company's Board of Directors approved a change in practice to begin awarding non-employee Directors restricted stock units ("RSUs").

Restricted Stock Units:

On June 6, 2012 and December 16, 2011, the Company awarded an aggregate of 15,465 RSUs and 8,385 RSUs, respectively, to its five non-employee Directors. Each RSU entitles the grantee to receive, from the Company, one common share at the vesting date in accordance with the terms of the award agreement. All of the awards granted on December 16, 2011 were issued upon vesting at the Annual Meeting of Shareholders on June 6, 2012. The awards granted on the date of the 2012 Annual Meeting of Shareholders on June 6, 2012 are scheduled to vest at the 2013 Annual Meeting of Shareholders. The award agreements provide for accelerated vesting in certain instances such as a "change in control" or death, and for pro-rata vesting in the event of a non-cause departure from the Board of Directors prior to the one year anniversary of the award. The weighted average grant fair value per unit for awards granted on June 6, 2012 was \$9.70 (which is the average of the high and low price of the Company's common shares on the NYSE that day). Total stock-based compensation expense related to RSU awards was \$150,009 for the fiscal year ended January 31, 2013. As of January 31, 2013, there was a total of \$50,004 of unrecognized compensation expense related to the non-vested RSU awards.

The following table summarizes RSU transactions for the fiscal year ended January 31, 2013:

| | Units |
|--------------------------------|--------------|
| Non-vested at February 1, 2012 | 8,385 |
| Granted | 15,465 |
| Vested | (8,385) |
| Forfeited | - |
| Non-vested at January 31, 2013 | 15,465 |

Stock options:

On June 6, 2012, April 2, 2012, February 27, 2012 and December 17, 2010, the Company granted 3,300, 54,625, 97,299, and 125,448 stock options, respectively, to its senior executives, with one-third exercisable one year from the grant date and the remaining two-thirds vesting two and three years from grant date, respectively. In the event of a "change of control", certain unvested options may become immediately exercisable. Typically, the duration of options is for up to ten years from the date of grant, subject to early termination conditions. The fair value of options granted is amortized into compensation expense on a straight-line basis over the respective vesting period, net of estimated forfeitures. The fair value of the options is estimated as of the grant date using the Black-Scholes option valuation model. The per share fair value weighted-averages at the date of grant for stock options granted in the months of June 2012, April 2012, February 2012, and December 2010 were \$2.91, \$3.18, \$2.96 and \$3.95, respectively.

The application of this valuation model relies on the following assumptions that are judgmental and sensitive in the determination of the compensation expense:

| | Fiscal Years Ended | | |
|-------------------------|---------------------------|-------------|---------------|
| | January 31, | | |
| | 2013 | 2012 | 2011 |
| Expected term (years) | 5.0 | - | 5.0 |
| Risk-free interest rate | 0.88% - 2.11% | - | 1.90% - 3.53% |
| Expected volatility | 43% - 45% | - | 29% - 45% |
| Dividend yield | 2.18% - 2.93% | - | 1.88% - 2.48% |

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEARS ENDED JANUARY 31, 2013, 2012 AND 2011

Historical information was the principal basis for the selection of the expected term and dividend yield. The expected volatility is based on a weighted-average combination of historical and implied volatilities over a time period that approximates the expected term of the option. The risk-free interest rate was selected based upon the U.S. Treasury Bill rates in effect at the time of grant for the expected term of the option.

The following table summarizes stock option transactions for the fiscal year ended January 31, 2013:

| | Shares | Weighted Average Exercise Price | Weighted Average Remaining Life (years) | Aggregate Intrinsic Value |
|---------------------------------|------------------|---------------------------------------|--------------------------------------------------|---------------------------------|
| Options: | | | | |
| Outstanding at February 1, 2012 | 1,223,292 | \$10.2437 | 5.52 | |
| Granted | 155,224 | 10.0439 | | |
| Forfeited | (28,078) | 10.8943 | | |
| Expired | (9,956) | 5.5476 | | |
| Exercised | (37,290) | 7.9407 | | |
| Outstanding at January 31, 2013 | <u>1,303,192</u> | <u>\$10.3077</u> | 4.83 | \$766,478 |
| Exercisable at January 31, 2013 | <u>1,134,088</u> | <u>\$10.2890</u> | 4.23 | \$718,907 |

The aggregate intrinsic value of options exercised during the fiscal years ended January 31, 2013, 2012 and 2011 was \$94,988, \$93,570, and \$617,594, respectively. The intrinsic value of stock options is the amount by which the market price of the stock on a given date, such as at the end of the period or on the day of exercise, exceeded the market price of stock on the date of grant.

In connection with the separation agreement between the Company and its former Chief Financial Officer, the Company agreed to accelerate the vesting date and extend the exercise date of certain stock options. This was considered a stock option modification, resulting in additional stock compensation expense of approximately \$250,000 recorded in the fiscal year ended January 31, 2013.

The following table summarizes information about the options outstanding and options exercisable as of January 31, 2013:

| | Options Outstanding | | | Options Exercisable | |
|------------------|---------------------|-----------------------------------------------|------------------------------------|---------------------|------------------------------------|
| | Shares | Weighted Average Remaining Life (years) | Weighted Average Exercise Price | Shares | Weighted Average Exercise Price |
| Range of prices: | | | | | |
| \$7.00 – 8.99 | 108,450 | 2.06 | \$7.4110 | 108,450 | \$7.4110 |
| \$9.00 – 9.99 | 541,107 | 4.92 | 9.5475 | 451,010 | 9.4881 |
| \$10.00 – 10.99 | 203,391 | 4.90 | 10.7823 | 155,337 | 10.9000 |
| \$11.00 – 11.99 | 335,800 | 4.78 | 11.5426 | 335,800 | 11.5426 |
| \$12.00 – 12.99 | 114,444 | 7.12 | 12.1800 | 83,491 | 12.1800 |
| | <u>1,303,192</u> | <u>4.83</u> | <u>\$10.3077</u> | <u>1,134,088</u> | <u>\$10.2890</u> |

Total stock-based compensation expense related to options was \$753,924, (including the aforementioned option modification of \$250,000), for the fiscal year ended January 31, 2013. As of January 31, 2013, there was \$401,624 of total unrecognized compensation cost related to non-vested options granted under the plans. The cost is expected to be recognized over a weighted-average period of 1.6 years.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEARS ENDED JANUARY 31, 2013, 2012 AND 2011

NOTE 10: INCOME TAXES

The provision (benefit) for income taxes was comprised of the following:

| | 2013 | 2012 | 2011 |
|---------------------|-------------|-------------|-------------|
| Current | | | |
| Federal | \$2,488,953 | \$2,010,929 | \$2,106,753 |
| State | 311,905 | 290,461 | 299,616 |
| Foreign | 163,921 | 201,565 | 135,327 |
| | 2,964,779 | 2,502,955 | 2,541,696 |
| Deferred | | | |
| Federal | 790,748 | 1,112,827 | 429,442 |
| State | 42,539 | 98,191 | 37,892 |
| Foreign | 22,392 | (13,364) | (28,265) |
| | 855,679 | 1,197,654 | 439,069 |
| Provision for taxes | \$3,820,458 | \$3,700,609 | \$2,980,765 |

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the net deferred tax assets (liabilities) were as follows:

| | January 31, | |
|--------------------------------|---------------|---------------|
| | 2013 | 2012 |
| Deferred tax assets | | |
| Inventory cost capitalization | \$155,301 | \$110,306 |
| Pension cost | 3,577,115 | 3,964,282 |
| Management incentive | 34,131 | 262,612 |
| Stock options | 656,650 | 458,468 |
| Interest rate swap | 111,191 | 135,526 |
| Other | 434,910 | 446,576 |
| Total deferred tax assets | 4,969,298 | 5,377,770 |
| Deferred tax liabilities | | |
| Property, plant and equipment | 2,396,065 | 2,348,541 |
| Inventory – LIFO | 318,222 | 320,759 |
| Prepaid expenses | 266,431 | 205,501 |
| Goodwill | 4,106,338 | 3,839,091 |
| Total deferred tax liabilities | 7,087,056 | 6,713,892 |
| Net deferred tax liabilities | (\$2,117,758) | (\$1,336,122) |

The Company has not recorded incremental deferred income taxes on the undistributed earnings of its foreign subsidiaries because it is management's intention to reinvest such earnings for the foreseeable future. At January 31, 2013, the undistributed earnings of foreign subsidiaries amounted to approximately \$3.5 million. Upon distribution of these earnings in the form of dividends or otherwise, the Company would be subject to U.S. income taxes and foreign withholding taxes, reduced by certain foreign tax credits. If all these earnings were to be repatriated at one time, the incremental income tax would be immaterial.

MET-PRO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEARS ENDED JANUARY 31, 2013, 2012 AND 2011

A reconciliation of the federal statutory rate and the Company's effective tax rate is presented as follows:

| | 2013 | | 2012 | | 2011 | |
|---------------------------------------|--------------------|--------------|--------------------|--------------|--------------------|--------------|
| Computed expected | | | | | | |
| federal tax expense | \$4,034,330 | 34.0% | \$3,683,665 | 34.0% | \$3,100,765 | 34.0% |
| Manufacturing exemption | (271,862) | (2.3) | (205,457) | (1.9) | (207,968) | (2.3) |
| State income taxes, net of federal | | | | | | |
| income tax benefit | 282,226 | 2.3 | 289,895 | 2.7 | 235,638 | 2.6 |
| Research and | | | | | | |
| development tax credits | (153,689) | (1.3) | (149,728) | (1.4) | (143,361) | (1.5) |
| Stock option tax expense | 75,880 | .7 | 78,473 | .7 | 20,076 | .2 |
| Stock option modification | (110,311) | (.9) | - | - | - | - |
| Other | (36,116) | (.3) | 3,761 | - | (24,385) | (.3) |
| Effective income taxes | \$3,820,458 | 32.2% | \$3,700,609 | 34.1% | \$2,980,765 | 32.7% |

The Company follows the provisions of FASB ASC Topic 740, "Income Taxes", and recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority. The Company applies ASC Topic 740 to all tax positions for which the statute of limitations remains open.

As of January 31, 2012, the Company had an unrecognized tax benefit of \$49,000 to account for state tax matters in the U. S. as a result of changes in tax positions with relevant tax authorities. The Company filed returns with the relevant state tax authorities during fiscal 2013 upon which the \$49,000 unrecognized tax benefit was determined, thereby concluding that it did not have an unrecognized tax benefit. The Company has determined that there have been no additional changes in its tax positions in the fiscal year ended January 31, 2013.

A reconciliation of the beginning and ending balances of the amounts of unrecognized tax benefits is as follows:

| | <u>2013</u> |
|---------------------------------------------|--------------------|
| Balance at February 1, 2012 | \$49,000 |
| Increases in tax positions for prior years | - |
| Decreases in tax positions for prior years | (49,000) |
| Increases in tax positions for current year | - |
| Balance at January 31, 2013 | <u>\$-</u> |

The Company and its subsidiaries are subject to income taxes in the U.S. federal jurisdiction, various states and foreign jurisdictions. Tax regulations within each jurisdiction are subject to the interpretation of the related tax laws and regulations and require significant judgment to apply. The following table summarizes tax years that remain subject to examination by major jurisdictions:

| | <u>Open Tax Year</u> | |
|----------------------------|--------------------------------|--------------------------------------|
| | <u>Examination in Progress</u> | <u>Examination Not Yet Initiated</u> |
| United States | | |
| Federal | n/a | 2010 – 2013 |
| State | n/a | 2008 – 2013 |
| Canada | n/a | 2007 – 2013 |
| The Netherlands | n/a | 2008 – 2013 |
| People's Republic of China | n/a | 2011 – 2013 |
| Chile | n/a | 2012 – 2013 |

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEARS ENDED JANUARY 31, 2013, 2012 AND 2011

NOTE 11: LEASES AND OTHER COMMITMENTS

The Company has operating leases for warehouse and office space for sales, general and administrative purposes. Future minimum lease payments under these non-cancelable operating leases at January 31, 2013 are as follows:

| | |
|------|------------------|
| 2014 | \$110,392 |
| 2015 | 30,464 |
| | <u>\$140,856</u> |

Rental expense for all operating leases during the fiscal years ended in 2013, 2012, and 2011 was \$138,891, \$138,518, and \$111,878, respectively.

NOTE 12: EMPLOYEE BENEFIT PLANS

Pension Plans:

The Company has several defined benefit pension plans covering eligible employees in the United States. The Company contributes amounts to the pension plans equal to the amounts that are tax deductible.

In the third quarter ended October 31, 2006, the Company amended its defined benefit pension plans to freeze the accrual of future benefits for all its salaried and non-union hourly employees, effective on December 31, 2006. Effective December 31, 2008, the Company amended its defined benefit pension plan to freeze the accrual of future benefits for union hourly employees.

In the fiscal year ended January 31, 2007, the Company adopted FASB ASC Topic 715, "Compensation – Retirement Benefits", which requires the recognition of the overfunded or underfunded status of its pension plans as an asset or liability, with changes in the funded status recognized through other comprehensive income in the year they occur. The Company recognized the liability for the funded status in its consolidated balance sheets. During the fiscal year ended January 31, 2009, the Company changed the annual measurement date and the plan year end date to January 31.

On January 31, 2013, the Company's annual measurement date, the accumulated benefit obligation related to the Company's pension plans exceeded the fair value of the pension plan assets (such excess is referred to as an unfunded accumulated benefit obligation). This difference is principally due to the decline in the discount rate and market value of investments during the fiscal year ended January 31, 2013.

The Company recorded a pension liability adjustment in the fiscal years ended January 31, 2013 and 2012. In both fiscal years, the adjustment was an increase in the pension liability, with a corresponding decrease to shareholders' equity of \$177,397 and \$4,228,638, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEARS ENDED JANUARY 31, 2013, 2012 AND 2011

The following table provides the components of net periodic pension (income) cost:

| | 2013 | 2012 | 2011 |
|----------------------------------|------------------|------------------|------------------|
| Service cost | \$224,138 | \$205,725 | \$211,500 |
| Interest cost | 1,088,872 | 1,121,492 | 1,118,007 |
| Expected return on plan assets | (1,219,287) | (1,401,943) | (1,011,021) |
| Recognized net actuarial loss | 439,965 | 209,830 | 243,640 |
| Net periodic benefit cost | \$533,688 | \$135,104 | \$562,126 |

The following table sets forth the plans' change in benefit obligations, change in plan assets and amounts recognized on the Company's consolidated balance sheets at January 31, 2013 and 2012:

| | 2013 | 2012 |
|--------------------------------------------------------------------------|----------------------|----------------------|
| Change in benefit obligation: | | |
| Benefit obligation at beginning of year | \$26,059,763 | \$20,675,319 |
| Service cost | 224,138 | 205,725 |
| Interest cost | 1,088,872 | 1,121,492 |
| Actuarial loss | 940,869 | 5,371,311 |
| Administrative expenses | (164,722) | (259,229) |
| Benefits paid | (1,102,251) | (1,054,855) |
| Benefit obligation at end of year | \$27,046,669 | \$26,059,763 |
| Change in plan assets: | | |
| Fair value of plan assets at beginning of year | \$16,343,172 | \$14,807,545 |
| Actual gain (loss) on plan assets | 1,438,608 | (148,700) |
| Employer contribution | 1,674,244 | 2,998,411 |
| Administrative expenses | (164,722) | (259,229) |
| Benefits paid | (1,102,251) | (1,054,855) |
| Fair value of plan assets at end of year | \$18,189,051 | \$16,343,172 |
| Funded status: | (\$8,857,618) | (\$9,716,591) |
| Unrecognized actuarial loss | 13,449,383 | 13,167,800 |
| Net amount recognized | \$4,591,765 | \$3,451,209 |
| Amounts recognized in the consolidated balance sheets consist of: | | |
| Accrued benefit liability – short term | (\$94,591) | (\$94,583) |
| Accrued benefit liability – long term | (8,763,027) | (9,622,008) |
| Accumulated other comprehensive loss | 13,449,383 | 13,167,800 |
| Net amount recognized | \$4,591,765 | \$3,451,209 |

The accumulated benefit obligation, projected benefit obligation, and fair value of plan assets for plans with accumulated benefit obligations in excess of assets were \$27,046,669, \$27,046,669, and \$18,189,051, respectively, as of January 31, 2013, and \$26,059,763, \$26,059,763, and \$16,343,172, respectively, as of January 31, 2012.

The Company contributed \$1,674,244 to the pension plans during the plan year ended January 31, 2013 and expects an additional contribution of \$1,194,591 during the Company's fiscal year ending January 31, 2014.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEARS ENDED JANUARY 31, 2013, 2012 AND 2011

The following benefit payments are expected to be paid:

| Year Ending January 31, | |
|------------------------------------|---------------------|
| 2014 | \$1,240,819 |
| 2015 | 1,314,172 |
| 2016 | 1,369,542 |
| 2017 | 1,408,435 |
| 2018 | 1,456,832 |
| 2019 – 2023 | 7,707,801 |
| | \$14,497,601 |

Weighted average assumptions used in accounting for benefit obligations for the fiscal year ended January 31:

| | 2013 | 2012 | 2011 |
|---------------------------------------------|-------------|-------------|-------------|
| Discount rate | 4.00% | 4.25% | 5.50% |
| Expected long-term rate of return on assets | 7.50% | 7.50% | 8.50% |

Weighted average assumptions used in accounting for net projected pension cost for the fiscal year ended January 31:

| | 2013 | 2012 | 2011 |
|---------------------------------------------|-------------|-------------|-------------|
| Discount rate | 4.25% | 5.50% | 5.75% |
| Expected long-term rate of return on assets | 7.50% | 8.50% | 8.50% |

In selecting the expected long-term rate of return on asset assumption, the Company considered the average rate of earnings on the funds invested or to be invested to provide for the benefits of these plans. This included considering the trust's asset allocation and the expected returns likely to be earned over the lives of the plans.

The table below sets forth the target allocations and asset allocations for the plan as follows:

| | January 31, 2013 | January 31, 2012 |
|--------------------|-----------------------------|-----------------------------|
| Target allocation: | | |
| Equity securities | 40-80% | 40-80% |
| Debt securities | 20-60% | 20-60% |
| Asset allocation: | | |
| Equity securities | 61-77% | 61-77% |
| Debt securities | 23-39% | 23-39% |
| Total | 100% | 100% |

The assets of the funds will be invested in a manner consistent with the safeguards and diversity to which a prudent investor would adhere and undertake on behalf of the plans' participants. The main objective is to obtain the highest possible return commensurate with the level of assumed risk and with an investment horizon sufficient to permit market cycles to be reasonably reflected.

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The fair value of the Company's pension plans' assets at January 31, 2013 by asset class are as follows:

| | Total | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|----------------------------------------------------------|---------------------|-------------------------------------------------------------------------------------------|------------------------------------------------------------|--------------------------------------------------------------|
| Asset Class: | | | | |
| Equity securities | | | | |
| Domestic equities (a) | \$8,219,452 | \$8,219,452 | \$- | \$- |
| Foreign equities (a) | 2,938,729 | 2,938,729 | - | - |
| Fixed income securities | | | | |
| Intermediate duration corporate and government bonds (b) | 5,587,829 | 5,587,829 | - | - |
| Cash and cash equivalents (c) | 1,443,041 | 1,443,041 | - | - |
| Total pension assets | \$18,189,051 | \$18,189,051 | \$- | \$- |

The fair value of the Company's pension plan's assets at January 31, 2012 by asset class are as follows:

| | Total | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|----------------------------------------------------------|---------------------|-------------------------------------------------------------------------------------------|------------------------------------------------------------|--------------------------------------------------------------|
| Asset Class: | | | | |
| Equity securities | | | | |
| Domestic equities (a) | \$7,162,837 | \$7,162,837 | \$- | \$- |
| Foreign equities (a) | 2,839,026 | 2,839,026 | - | - |
| Fixed income securities | | | | |
| Intermediate duration corporate and government bonds (b) | 5,468,502 | 5,468,502 | - | - |
| Cash and cash equivalents (c) | 872,807 | 872,807 | - | - |
| Total pension assets | \$16,343,172 | \$16,343,172 | \$- | \$- |

- (a) These categories consist of various managed funds that invest primarily in common stocks, as well as other equity securities and a combination of other funds.
- (b) Investments in this category consist of a fixed income fund that invests primarily in intermediate duration bonds, as well as a combination of other funds.
- (c) Cash is comprised of money market funds, which are valued utilizing the net asset value per unit based on the fair value of the underlying assets as determined by the fund's investment managers.

Directors' Benefit Plan:

The Company provides a non-qualified pension plan for Directors which is presently unfunded. The Plan is designed to provide pension benefits based on the category of the Director and length of service. The aggregate benefit obligation payable in the future under the terms of the Plan was \$503,149 and \$561,061 at January 31, 2013 and 2012, respectively. The current portion of the benefit obligation amounted to \$79,000 and \$79,000, respectively, at January 31, 2013 and 2012, and is presented under the accrued salaries, wages and benefits category on the consolidated balance sheets. The non-current portion of the benefit obligation amounted to

MET-PRO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEARS ENDED JANUARY 31, 2013, 2012 AND 2011

\$424,149 and \$482,061, respectively, and is presented under the accrued pension retirement benefits category on the consolidated balance sheets. The amounts applicable are included in the tables above. This plan was discontinued in December 1999 with respect to non-vested Directors.

Defined Contribution Plan:

The Company has a 401(k) profit sharing plan in which all employees of the Company in the United States are eligible to participate, following the completion of one year of service and after attaining age 21. Pursuant to this plan, employees can contribute up to 25% of their compensation to the Plan. The Company will match, in the form of Met-Pro Common Shares, up to 50% of the employee's contribution up to 4% of compensation. Effective January 1, 2007, the Company added a discretionary contribution to the Plan for non-bargaining unit employees in the United States in lieu of the Defined Benefit Plan, which was frozen on December 31, 2006 and accelerated the eligibility to participate in the 401(k) profit sharing plan from the completion of one year of service to six-months of service. Effective February 1, 2008, the non-bargaining unit employees in the United States were eligible for the discretionary contributions under the Plan. The discretionary contribution is (i) 2% for employees under 45 years old or with less than five years of service, (ii) 3% for employees 45 years or older and between five to nine years of service, or (iii) 4% for employees 45 years or older and with ten or more years of service. The levels of discretionary contribution will not change with the employee's age or years of service going forward and all future eligible new hires after April 15, 2006 will receive a discretionary contribution at the 2% level. The Company provided cash contributions to the 401(k) profit sharing plan of \$799,730, \$780,673 and \$709,470 for the fiscal years ended January 31, 2013, 2012 and 2011, respectively.

Employees' Stock Ownership Trust:

The Company sponsors an employee stock ownership plan under which it may make discretionary contributions to the trust either in cash or in shares of the Company for salaried employees in the United States eligible to participate in the Plan. There were no contributions to the Employees' Stock Ownership Trust for the fiscal years ended January 31, 2013, 2012 and 2011. All shares are considered to be allocated to participants or to be released for allocation to participants, and are included in the earnings per share computations.

NOTE 13: OTHER INCOME

Other income was comprised of the following for the fiscal year ended January 31:

| | 2013 | 2012 | 2011 |
|----------------------------|------------------|------------------|------------------|
| Interest income | \$125,280 | \$179,602 | \$221,972 |
| Other miscellaneous income | 28,796 | 254,605 | 140,074 |
| | \$154,076 | \$434,207 | \$362,046 |

MET-PRO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEARS ENDED JANUARY 31, 2013, 2012 AND 2011

NOTE 14: BUSINESS SEGMENTS AND OTHER INFORMATION

The segment discussion outlined below represents the segment structure as determined by management in accordance with FASB ASC Topic 280, "Segment Reporting".

The Company has five operating segments which are aggregated into three reportable segments: Product Recovery/Pollution Control Technologies, Fluid Handling Technologies and Mefiag Filtration Technologies, and one other segment (Filtration/Purification Technologies). The Filtration/Purification Technologies segment is comprised of two operating segments that do not meet the criteria for aggregation outlined in FASB ASC Topic 280-10-50-12. The Company's analysis is that FASB ASC Topic 280-10-50-12 permits the aggregation of operating segments if, individually, each operating segment does not meet any of the following quantitative thresholds: (i) reported revenue is 10% or more of combined revenue of all reported operating segments, (ii) the absolute amount of reported profit or loss is 10% or more of the greater, in absolute amounts, of either the combined reported profit of all operating segments that did not report a loss or the combined reported loss of all operating segments that did report a loss, and (iii) its assets are 10% or more of the combined assets of all operating segments. As of the fiscal years ended January 31, 2013, 2012 and 2011, none of the operating segments included in the Filtration/Purification Technologies segment met these criteria, and at least 75% of total consolidated revenue was included in the Product Recovery/Pollution Control Technologies, Fluid Handling Technologies and Mefiag Filtration Technologies reporting segments; therefore the Company determined the aggregation of these operating segments into this other segment was appropriate under FASB ASC Topic 280-10-50-12.

The Company expects, based upon the current financial performance of its business units, the segmentation reporting will continue to be presented in future periods using the three reportable segments and the one other segment.

MET-PRO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEARS ENDED JANUARY 31, 2013, 2012 AND 2011

The following is a description of each segment:

Product Recovery/Pollution Control Technologies: This reportable segment consists of one operating segment that manufactures products for the purification of air or liquids. Many of these products are custom designed and engineered to solve a customer's product recovery or pollution control issues. The products are sold worldwide through Company sales personnel and a network of manufacturer's representatives. This reporting segment is comprised of the Met-Pro Environmental Air Solutions (the combination of the Duall, Systems, Flex-Kleen, Bio-Reaction Industries and Met-Pro Industrial Services product brands), Met-Pro Product Recovery/Pollution Control Technologies Inc., and Strobic Air Corporation business units.

Fluid Handling Technologies: This reportable segment consists of one operating segment that manufactures high-quality centrifugal pumps that are suitable for difficult applications, including the pumping of acids, brines, caustics, bleaches, seawater, high-temperature liquids and a wide variety of waste liquids. A variety of pump configurations make these products adaptable to almost any pumping application. These products are sold worldwide through an extensive network of distributors. This reporting segment is comprised of Met-Pro Global Pump Solutions business unit (consisting of the Dean Pump, Fybroc and Sethco product brands).

Mefiag Filtration Technologies: This reportable segment consists of one operating segment that produces filter systems using horizontal disc technology for tough, corrosive applications in the plating, metal finishing and printing industries. These products are sold worldwide through Company sales personnel and a network of distributors. This reporting segment is comprised of the Mefiag, Mefiag B.V. and Mefiag (Guangzhou) Filter Systems Ltd. business units.

Filtration/Purification Technologies: This other segment consists of two operating segments that produce the following products: proprietary chemicals for the treatment of municipal drinking water systems and boiler and cooling tower systems; cartridges and filter housings; and filtration products for difficult industrial air and liquid applications. This other segment is comprised of the Keystone Filter and Pristine Water Solutions operating segments.

The accounting policies of the reporting segments are the same as those described in the summary of significant accounting policies. The Company evaluates the performance of these segments based on many factors including sales, sales trends, margins and operating performance.

No significant intercompany revenue is realized in these reporting segments. Interest income and expense are not included in the measure of segment profit reviewed by management. Income taxes are also not included in the measure of segment operating profit reviewed by management.

Except for the information reported on a segment basis, the Company does not accumulate net sales information by product or service and therefore, the Company does not disclose net sales by product or service because to do so would be impractical. The Company's reportable segments are however organized as groups of similar products and services.

MET-PRO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEARS ENDED JANUARY 31, 2013, 2012 AND 2011

Financial information for the three reporting segments and one other segment is as follows:

| | Years ended January 31, | | |
|-------------------------------------------------|-------------------------|----------------------|----------------------|
| | 2013 | 2012 | 2011 |
| Net sales to unaffiliated customers | | | |
| Product Recovery/Pollution Control Technologies | \$49,061,038 | \$43,568,042 | \$41,426,858 |
| Fluid Handling Technologies | 37,693,475 | 33,264,149 | 27,488,559 |
| Mefiag Filtration Technologies | 12,975,840 | 12,945,610 | 9,897,038 |
| Filtration/Purification Technologies | 10,211,569 | 10,383,591 | 10,052,971 |
| | \$109,941,922 | \$100,161,392 | \$88,865,426 |
| Income from operations | | | |
| Product Recovery/Pollution Control Technologies | \$1,033,954 | \$1,198,674 | \$2,046,716 |
| Fluid Handling Technologies | 9,959,229 | 8,220,768 | 5,926,592 |
| Mefiag Filtration Technologies | 805,932 | 780,586 | 401,695 |
| Filtration/Purification Technologies | 78,696 | 391,256 | 595,318 |
| | \$11,877,811 | \$10,591,284 | \$8,970,321 |
| Depreciation and amortization expense | | | |
| Product Recovery/Pollution Control Technologies | \$731,742 | \$708,507 | \$657,724 |
| Fluid Handling Technologies | 779,865 | 720,841 | 672,072 |
| Mefiag Filtration Technologies | 293,604 | 265,192 | 265,261 |
| Filtration/Purification Technologies | 217,239 | 219,878 | 229,628 |
| | \$2,022,450 | \$1,914,418 | \$1,824,685 |
| Capital expenditures | | | |
| Product Recovery/Pollution Control Technologies | \$953,861 | \$692,383 | \$305,803 |
| Fluid Handling Technologies | 363,140 | 580,354 | 476,104 |
| Mefiag Filtration Technologies | 299,801 | 420,186 | 138,384 |
| Filtration/Purification Technologies | 34,951 | 110,886 | 57,679 |
| | 1,651,753 | 1,803,810 | 977,970 |
| Corporate | 345,736 | 293,423 | 687,979 |
| | \$1,997,489 | \$2,097,233 | \$1,665,949 |
| Identifiable assets at January 31 | | | |
| Product Recovery/Pollution Control Technologies | \$37,932,865 | \$36,444,763 | \$34,003,251 |
| Fluid Handling Technologies | 20,093,881 | 19,290,035 | 18,114,257 |
| Mefiag Filtration Technologies | 15,643,078 | 14,017,572 | 12,814,143 |
| Filtration/Purification Technologies | 8,011,212 | 8,368,652 | 8,369,385 |
| | 81,681,036 | 78,121,022 | 73,301,036 |
| Corporate | 34,574,145 | 37,388,193 | 34,745,292 |
| | \$116,255,181 | \$115,509,215 | \$108,046,328 |

The Company follows the practice of allocating general corporate expenses, including depreciation and amortization expense, among the reporting segments based on a percentage of sales.

MET-PRO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEARS ENDED JANUARY 31, 2013, 2012 AND 2011

Geographic Information:

Transfers between geographic areas are accounted for at cost and consistent with rules and regulations of governing tax authorities. Such transfers are eliminated in the consolidated financial statements. Income from operations by geographic segment includes an allocation of general corporate expenses. Identifiable assets are those that can be directly associated with the geographic area. Geographic information for the three years ended January 31 is presented in the following table:

| | 2013 | 2012 | 2011 |
|-------------------------------------------------|----------------------|----------------------|----------------------|
| Net sales: | | | |
| United States | \$79,306,963 | \$72,180,541 | \$66,459,905 |
| Foreign | 30,634,959 | 27,980,851 | 22,405,521 |
| | <u>\$109,941,922</u> | <u>\$100,161,392</u> | <u>\$88,865,426</u> |
| Foreign Sales by Segment: | | | |
| Product Recovery/Pollution Control Technologies | \$8,646,957 | \$7,492,321 | \$7,912,462 |
| Fluid Handling Technologies | 11,781,689 | 10,072,782 | 7,086,069 |
| Mefiag Filtration Technologies | 10,106,050 | 10,290,964 | 7,310,354 |
| Filtration/Purification Technologies | 100,263 | 124,784 | 96,636 |
| | <u>\$30,634,959</u> | <u>\$27,980,851</u> | <u>\$22,405,521</u> |
| Income from operations: | | | |
| United States | \$8,625,080 | \$8,042,360 | \$7,305,971 |
| Foreign | 3,252,731 | 2,548,924 | 1,664,350 |
| | <u>\$11,877,811</u> | <u>\$10,591,284</u> | <u>\$8,970,321</u> |
| Total assets: | | | |
| United States | \$103,902,569 | \$104,812,114 | \$97,875,243 |
| Foreign | 12,352,612 | 10,697,101 | 10,171,085 |
| | <u>\$116,255,181</u> | <u>\$115,509,215</u> | <u>\$108,046,328</u> |

NOTE 15: CONTINGENCIES AND COMMITMENTS

Beginning in 2002, the Company began to be named in asbestos-related lawsuits filed against a large number of industrial companies including, in particular, those in the pump and fluid handling industries. In management's opinion, the complaints typically have been vague, general and speculative, alleging that the Company, along with the numerous other defendants, sold unidentified asbestos-containing products and engaged in other related actions which caused injuries (including death) and loss to the plaintiffs. Counsel has advised that more recent cases typically allege more serious claims of mesothelioma. The Company's insurers have hired attorneys who, together with the Company, are vigorously defending these cases. Many cases have been dismissed after the plaintiff fails to produce evidence of exposure to the Company's products. In those cases where evidence has been produced, the Company's experience has been that the exposure levels are low and the Company's position has been that its products were not a cause of death, injury or loss. The Company has been dismissed from or settled a large number of these cases. Cumulative settlement payments through January 31, 2013 for cases involving asbestos-related claims were \$740,000, which together with all legal fees other than corporate counsel expenses, have been paid by the Company's insurers. The average cost per settled claim, excluding legal fees, was approximately \$25,000.

MET-PRO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEARS ENDED JANUARY 31, 2013, 2012 AND 2011

Based upon the most recent information available to the Company regarding such claims, there were a total of 157 cases pending against the Company as of January 31, 2013 (with Connecticut, New York, Pennsylvania and West Virginia having the largest number of cases), as compared with 130 cases that were pending as of March 22, 2012. During the current fiscal year commencing February 1, 2012 through January 31, 2013, 59 new cases were filed against the Company, and the Company was dismissed from 33 cases and settled four cases. Most of the pending cases have not advanced beyond the early stages of discovery, although a number of cases are on schedules leading to, or are scheduled for trial. The Company believes that its insurance coverage is adequate for the cases currently pending against the Company and for the foreseeable future, assuming a continuation of the current volume, nature of cases and settlement amounts. However, the Company has no control over the number and nature of cases that are filed against it, nor as to the financial health of its insurers or their position as to coverage. The Company also presently believes that none of the pending cases will have a material adverse impact upon the Company's results of operations, liquidity or financial condition.

At any given time, the Company is typically also party to a small number of other legal proceedings arising in the ordinary course of business. Although the ultimate outcome of any legal matter cannot be predicted with certainty, based upon the present information, including the Company's assessment of the facts of each particular claim as well as accruals, the Company believes that no pending proceeding will have a material adverse impact upon the Company's results of operations, liquidity, or financial condition.

NOTE 16: SELECTED QUARTERLY FINANCIAL INFORMATION (Unaudited)

The following tables set forth a summary of the Company's quarterly financial information for each of the four quarters ended January 31, 2013 and 2012:

| 2013 | Net Sales | Gross Profit | Net Income | Earnings Per Share, Basic | Earnings Per Share, Diluted |
|----------------|------------------|---------------------|-------------------|----------------------------------|------------------------------------|
| First Quarter | \$25,207,061 | \$8,950,526 | \$1,258,698 | \$.09 | \$.09 |
| Second Quarter | 27,997,242 | 8,698,104 | 1,619,999 | .11 | .11 |
| Third Quarter | 29,761,356 | 10,664,515 | 2,790,735 | .19 | .19 |
| Fourth Quarter | 26,976,263 | 9,473,878 | 2,375,791 | .16 | .16 |

| 2012 | Net Sales | Gross Profit | Net Income | Earnings Per Share, Basic | Earnings Per Share, Diluted |
|----------------|------------------|---------------------|-------------------|----------------------------------|------------------------------------|
| First Quarter | \$23,429,903 | \$8,058,205 | \$1,412,507 | \$.10 | \$.10 |
| Second Quarter | 23,089,343 | 8,136,981 | 1,490,234 | .10 | .10 |
| Third Quarter | 25,245,131 | 9,334,848 | 2,081,886 | .14 | .14 |
| Fourth Quarter | 28,397,015 | 9,838,973 | 2,149,074 | .15 | .15 |

Basic and diluted earnings per share are computed independently for each of the quarters presented. Therefore, the sum of quarterly basic and diluted per share information may not equal annual basic and diluted earnings per share.

MET-PRO CORPORATION AND SUBSIDIARIES

Item 9. *Changes in and Disagreements with Accountants on Accounting and Financial Disclosure:*

None.

Item 9A. *Controls and Procedures:*

(a) Disclosure Controls and Procedures

Disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) are controls and other procedures that are designed to provide reasonable assurance that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and made known to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

(b) Management’s Report on Internal Control over Financial Reporting

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Exchange Act Rules 13a-15(f). The management of the Company, under the supervision of the Chief Executive Officer and Chief Financial Officer, carried out an assessment of the effectiveness of its internal control over financial reporting for the Company as of January 31, 2013. The assessment was performed using the criteria for effective internal control reflected in the Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”).

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with generally accepting accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of the effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and processes included in such control may deteriorate.

Based on the assessment of the processes for the Company as described above, management of the Company believes that as of January 31, 2013, internal control over financial reporting was effective.

Our independent registered public accounting firm, Marcum LLP, has issued an attestation report dated March 21, 2013, on the Company’s internal control over financial reporting.

(c) Changes in Internal Control Over Financial Reporting

There were no changes to our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

To the Audit Committee of the Board of Directors
and Shareholders of Met-Pro Corporation

We have audited Met-Pro Corporation's (the "Company") internal control over financial reporting as of January 31, 2013, based on criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying "Management's Annual Report on Internal Control Over Financial Reporting". Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Met-Pro Corporation maintained, in all material respects, effective internal control over financial reporting as of January 31, 2013, based on criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets as of January 31, 2013 and 2012, and the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows and the related financial statement schedule for each of the years in the three-year period ended January 31, 2013 of the Company, and our report dated March 21, 2013 expressed an unqualified opinion on those financial statements and the related financial statement schedule.

/s/ Marcum LLP

Marcum LLP
Bala Cynwyd, Pennsylvania
March 21, 2013

Item 9B. Other Information:

None.

PART III

Pursuant to Paragraph G (3) of the General Instructions to Form 10-K, portions of the information required in Part III of Form 10-K are incorporated by reference from Met-Pro's proxy statement to be filed with the SEC in connection with our 2013 Annual Meeting of Shareholders.

Item 10. *Directors, Executive Officers and Corporate Governance:*

We have codes of ethics that apply to all Directors, officers and employees, including our Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer. You can find our codes of ethics on our website by going to the following address: www.met-pro.com, and clicking on the link for our codes of ethics under the "Investor Relations – Board Committees" captions. We will post on our website any amendments to the codes of ethics, as well as any waivers that are required to be disclosed by the rules of either the Securities and Exchange Commission or the New York Stock Exchange.

Our Board of Directors has adopted charters for the three standing committees of the Board, those being the Audit, Compensation and Management Development, and Corporate Governance and Nominating Committees. You can find these documents on our website by going to the following address: www.met-pro.com, under the "Investor Relations – Board Committees" captions.

You may obtain a printed copy of any of the foregoing materials by writing to: Corporate Secretary, Met-Pro Corporation, 160 Cassell Road, Harleysville, PA 19438.

The information required by this Item is hereby incorporated by reference to the applicable information set forth in our proxy statement for our 2013 Annual Meeting of Shareholders, including the information set forth under the captions "Election of Directors", "The Board of Directors and its Committees", "Executive Officers of Registrant", "Share Ownership of Executive Officers and Directors", "Section 16(a) Beneficial Ownership Reporting Compliance", "Independence of Directors/Corporate Governance Guidelines" and "Codes of Ethics".

Item 11. *Executive Compensation:*

The information required by this Item is hereby incorporated by reference to the applicable information set forth in our proxy statement for our 2013 Annual Meeting of Shareholders, including the information set forth under the captions "Compensation Discussion and Analysis", "Compensation and Management Development Committee Report on Executive Compensation", "Summary Compensation Table", "Grants of Plan-Based Awards", "Outstanding Equity Awards at Fiscal Year End", "Options Exercises and Year End Holdings", "Pension Benefits", "Compensation Termination of Employment and Change of Control Arrangements", "Director Compensation" and "Director Summary Compensation Table".

Item 12. *Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters:*

The information required by this Item is hereby incorporated by reference to the applicable information set forth in our proxy statement for our 2013 Annual Meeting of Shareholders, including the information set forth under the captions "Share Ownership of Executive Officers and Directors" and "Beneficial Ownership of Principal Shareholders".

Item 13. *Certain Relationships and Related Transactions, and Director Independence:*

The information required by this Item is hereby incorporated by reference to the applicable information set forth in our proxy statement for our 2013 Annual Meeting of Shareholders, including the information set forth under the captions "Election of Directors", "Independence of Directors/Corporate Governance Guidelines" and "Certain Business Relationships".

Item 14. *Principal Accountant Fees and Services:*

The information required by this Item is hereby incorporated by reference to the applicable information set forth in our proxy statement for our 2013 Annual Meeting of Shareholders, including the information set forth under the caption "Our Relationship with Our Independent Registered Public Accountants".

PART IV

Item 15. Exhibits and Financial Statement Schedules:

(a) Exhibits and Financial Statements/Schedules:

(1) Financial Statements:

See Index to Consolidated Financial Statements and Supplementary Data that appears on page 28 of this report.

(2) Financial Statement Schedule – See “Schedule II – Valuation and Qualifying Accounts” below.

SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS

Accounts Receivable Allowance for Doubtful Accounts

Valuation and qualifying account information related to operations is as follows:

| Fiscal Year End | Balance at Beginning of Year | Additions Charged to Costs and Expenses | Deductions⁽¹⁾ | Balance at End of Year |
|------------------------|-------------------------------------|------------------------------------------------|---------------------------------|-------------------------------|
| January 31, 2011 | \$204,019 | \$368,983 | \$(128,850) | \$444,152 |
| January 31, 2012 | 444,152 | 56,654 | (9,668) | 491,138 |
| January 31, 2013 | 491,138 | 208,424 | (411,460) | 288,102 |

⁽¹⁾ Includes amounts written-off as uncollectible, net of recoveries.

(3) Exhibits, including those incorporated by reference:

Exhibit No.

Description

- (2)(c) Agreement and Plan of Merger dated July 31, 2003 by and between Met-Pro Corporation, a Delaware corporation, and Met-Pro Pennsylvania, Inc., a Pennsylvania corporation, incorporated by reference to the Company's Current Report on Form 8-K filed on August 6, 2003.
- (3)(f) Articles of Incorporation of Met-Pro Corporation, a Pennsylvania corporation formerly known as Met-Pro Pennsylvania, Inc., incorporated by reference to the Company's Current Report of Form 8-K filed on August 6, 2003.
- (3)(g) By-Laws of Met-Pro Corporation, a Pennsylvania corporation formerly known as Met-Pro Pennsylvania, Inc., incorporated by reference to the Company's Current Report on Form 8-K filed on August 6, 2003.
- (4) Shareholders' Rights Plan, incorporated by reference to the Company's Current Report on Form 8-K filed on January 6, 2000.
- (4)(a) Amendment No. 1 to Shareholders' Rights Plan, incorporated by reference to the Company's Current Report on Form 8-K filed on December 17, 2009.
- (10)(b) The 1997 Stock Option Plan, incorporated by reference to the Company's Registration Statement on Form S-8 filed January 16, 1998.*
- (10)(d) Amendment No. 1 to the 1997 Stock Option Plan, incorporated by reference to the Company's Annual Report on Form 10-K filed on May 4, 2001.*
- (10)(f) Key Employee Severance Agreement between Met-Pro Corporation and Gary J. Morgan, incorporated by reference to the Company's Annual Report on Form 10-K filed on May 4, 2001.*

Exhibit No.**Description**

- (10)(g) Key Employee Severance Agreement between Met-Pro Corporation and Raymond J. De Hont, incorporated by reference to the Company's Annual Report on Form 10-K filed on May 4, 2001.*
- (10)(i) Amendment to Key Employee Severance Agreement between Met-Pro Corporation and Gary J. Morgan, incorporated by reference to the Company's Annual Report on Form 10-K filed on May 4, 2001.*
- (10)(j) The Company's Director's Retirement Plan, incorporated by reference to the Company's Annual Report on Form 10-K filed on May 4, 2001.*
- (10)(k) Amendment No. 1 to the Company's Director's Retirement Plan, incorporated by reference to the Company's Annual Report on Form 10-K filed on May 4, 2001.*
- (10)(l) Amendment No. 2 to the Company's Director's Retirement Plan, incorporated by reference to the Company's Annual Report on Form 10-K filed on May 4, 2001.*
- (10)(m) Restoration Plan, effective February 1, 2000, incorporated by reference to the Company's Annual Report on Form 10-K filed on May 4, 2001.*
- (10)(n) Amendment No. 1 to the Company's Restoration Plan, incorporated by reference to the Company's Annual Report on Form 10-K filed on May 4, 2001.*
- (10)(o) Additional 1% Supplemental Executive Retirement Plan, effective February 1, 2000, incorporated by reference to the Company's Annual Report on Form 10-K filed on May 4, 2001.*
- (10)(p) The 2001 Equity Incentive Plan, incorporated by reference to the Company's Registration Statement on Form S-8 filed August 22, 2001.*
- (10)(q) Year 2000 Employee Stock Purchase Plan, incorporated by reference to the Company's Registration Statement on Form S-8 filed on June 13, 2000.*
- (10)(r) Salaried Pension Plan Amended and Restated effective September 1, 2000, incorporated by reference to the Company's Annual Report on Form 10-K filed on April 28, 2003.*
- (10)(s) First Amendment to the Company's Salaried Pension Plan dated August 15, 2002, incorporated by reference to the Company's Annual Report on Form 10-K filed on April 28, 2003.*
- (10)(t) Second Amendment to the Company's Salaried Pension Plan dated October 23, 2002, incorporated by reference to the Company's Annual Report on Form 10-K filed on April 28, 2003.*
- (10)(u) Amendment No. 3 to the Company's Directors' Retirement Plan dated as of February 24, 2003, incorporated by reference to the Company's Annual Report on Form 10-K filed on April 28, 2003.*
- (10)(v) Amendment No. 1 to the Company's Additional 1% Supplemental Executive Plan dated as of March 21, 2003, incorporated by reference to the Company's Annual Report on Form 10-K filed on April 28, 2003.*
- (10)(w) Directors Retirement Plan Trust dated as of February 11, 2000, incorporated by reference to the Company's Annual Report on Form 10-K filed on April 28, 2003.*
- (10)(x) Amendment No. 1 to the Company's Directors' Retirement Plan Trust dated as of February 24, 2003, incorporated by reference to the Company's Annual Report on Form 10-K filed on April 28, 2003.*
- (10)(y) Amendment No. 2 to the Company's Directors' Retirement Plan Trust dated as of February 24, 2003, incorporated by reference to the Company's Annual Report on Form 10-K filed on April 28, 2003.*
- (10)(z) Restoration and Supplemental Executive Retirement Plan Trust Agreement dated as of February 11, 2000, incorporated by reference to the Company's Annual Report on Form 10-K filed on April 28, 2003.*

Exhibit No.**Description**

- (10)(aa) Amendment No. 1 to the Company's Restoration and Supplemental Executive Retirement Plan Trust Agreement dated as of February 24, 2003, incorporated by reference to the Company's Annual Report on Form 10-K filed on April 28, 2003.*
- (10)(ab) The 2005 Equity Incentive Plan, incorporated by reference to the Company's Registration Statement on Form S-8 filed June 9, 2005.*
- (10)(ac) Third Amendment to the Company's Salaried Pension Plan dated as of August 31, 2005, incorporated by reference to the Company's Annual Report on Form 10-K filed on April 13, 2007. *
- (10)(ad) Fourth Amendment to the Company's Salaried Pension Plan dated as of April 5, 2006, incorporated by reference to the Company's Annual Report on Form 10-K filed on April 13, 2007. *
- (10)(ae) Fifth Amendment to the Company's Salaried Pension Plan dated as of October 18, 2006, incorporated by reference to the Company's Annual Report on Form 10-K filed on April 13, 2007. *
- (10)(af) Standard form for the Company's Non-Employee Director Stock Option Agreement dated as of December 10, 2007, incorporated by reference to the Company's Annual Report on Form 10-K filed on April 11, 2008. *
- (10)(ag) Standard form for the Company's Incentive Stock Option Agreement dated as of December 10, 2007, incorporated by reference to the Company's Annual Report on Form 10-K filed on April 11, 2008. *
- (10)(ah) Non-Qualified Defined Contribution Supplemental Executive Retirement Plan Agreement dated as of May 1, 2008, incorporated by reference to the Company's Annual Report on Form 10-K filed on April 11, 2008. *
- (10)(ai) Amended and Restated Key Severance Agreement for the Chief Executive Officer dated as of April 3, 2008, incorporated by reference to the Company's Annual Report on Form 10-K filed on April 11, 2008. *
- (10)(aj) Amended and Restated Key Severance Agreement for the Chief Financial Officer dated as of April 3, 2008, incorporated by reference to the Company's Annual Report on Form 10-K filed on April 11, 2008. *
- (10)(ak) The 2008 Equity Incentive Plan, incorporated by reference to the Company's Registration Statement on Form S-8 filed on December 8, 2008.*
- (10)(al) Second Amended and Restated Key Employee Severance Pay Agreement for the Chief Executive Officer dated as of December 3, 2008, incorporated by reference to the Company's Current Report on 8-K filed on December 5, 2008. *
- (10)(am) Second Amended and Restated Key Employee Severance Pay Agreement for the Chief Financial Officer dated as of December 3, 2008, incorporated by reference to the Company's Current Report on 8-K filed on December 5, 2008. *
- (10)(an) Standard Form for the Non-Employee Stock Option Agreement dated December 3, 2008, incorporated by reference to the Company's Current Report on Form 8-K filed on January 11, 2010. *
- (10)(ao) Standard Form for the Incentive Stock Option Agreement dated December 3, 2008, incorporated by reference to the Company's Current Report on Form 8-K filed on January 11, 2010. *
- (10)(ap) Standard Form for the Employee Non-Qualified Stock Option Agreement dated December 3, 2008, incorporated by reference to the Company's Current Report filed on Form 8-K filed on January 11, 2010. *
- (10)(aq) Standard Form for the Non-Employee Stock Option Agreement dated December 11, 2009, incorporated by reference to the Company's Current Report filed on Form 8-K filed on January 11, 2010. *
- (10)(ar) Standard Form for the Incentive Stock Option Agreement dated December 11, 2009, incorporated by reference to the Company's Current Report filed on Form 8-K filed on January 11, 2010. *

Exhibit No.**Description**

- (10)(as) Standard Form for the Employee Non-Qualified Stock Option Agreement dated December 11, 2009, incorporated by reference to the Company's Current Report filed on Form 8-K filed on January 11, 2010. *
- (10)(at) FYE 2010 Incentive Plan for Chief Executive Officer and Chief Financial Officer, incorporated by reference to the Company's Current Report filed on Form 8-K filed on January 12, 2010. *
- (10)(au) FYE 2010 Incentive Plan for Executive Vice President, incorporated by reference to the Company's Current Report filed on Form 8-K filed on January 12, 2010. *
- (10)(av) FYE 2010 Incentive Plan for Vice Presidents/General Managers, incorporated by reference to the Company's Current Report filed on Form 8-K filed on January 12, 2010. *
- (10)(aw) Salaried Pension Plan Amended and Restated effective September 1, 2007, incorporated by reference to the Company's Current Report filed on Form 8-K filed on January 15, 2010. *
- (10)(ax) First (Corrective) Amendment to the Met-Pro Corporation Salaried Pension Plan, incorporated by reference to the Company's Current Report filed on Form 8-K filed on January 15, 2010. *
- (10)(ay) Second (Qualification) Amendment to the Met-Pro Corporation Salaried Pension Plan, incorporated by reference to the Company's Current Report filed on Form 8-K filed on January 15, 2010. *
- (10)(az) Met-Pro Corporation Retirement Savings Plan effective January 1, 2007, incorporated by reference to the Company's Current Report filed on Form 8-K filed on January 19, 2010. *
- (10)(ba) First (Qualification) Amendment to the Met-Pro Corporation Retirement Savings Plan, incorporated by reference to the Company's Current Report filed on Form 8-K filed on January 19, 2010. *
- (10)(bb) Second Amendment to the Met-Pro Corporation Retirement Savings Plan, incorporated by reference to the Company's Current Report filed on Form 8-K filed on January 19, 2010. *
- (10)(bc) Third (Good Faith) Amendment to the Met-Pro Corporation Retirement Savings Plan, incorporated by reference to the Company's Current Report filed on Form 8-K filed on January 19, 2010. *
- (10)(bd) Promissory Line of Credit Note dated February 23, 1996, incorporated by reference to the Company's Current Report filed on Form 8-K filed on February 1, 2010. *
- (10)(be) Reaffirmation of Line of Credit dated January 19, 2010, incorporated by reference to the Company's Current Report filed on Form 8-K filed on February 1, 2010. *
- (10)(bf) Third (Good Faith) Amendment to the Met-Pro Corporation Salaried Pension Plan effective January 29, 2010, incorporated by reference to the Company's Current Report filed on Form 8-K filed on February 1, 2010. *
- (10)(bg) Financing Agreement dated December 30, 2005, incorporated by reference to the Company's Current Report filed on Form 8-K filed on March 12, 2010. *
- (10)(bh) Trade Confirmation, incorporated by reference to the Company's Current Report filed on Form 8-K filed on March 12, 2010. *
- (10)(bi) ISDA Master Agreement, incorporated by reference to the Company's Current Report filed on Form 8-K filed on March 12, 2010. *
- (10)(bj) ISDA Schedule to the Master Agreement, incorporated by reference to the Company's Current Report filed on Form 8-K filed on March 12, 2010. *
- (10)(bk) Fortis Bank General Credit Offer dated October 19, 2005, incorporated by reference to the Company's Current Report filed on Form 8-K filed on March 12, 2010. *

Exhibit No.**Description**

- (10)(bl) Positive/Negative Mortgage Statement dated October 19, 2005, incorporated by reference to the Company's Current Report filed on Form 8-K filed on March 12, 2010. *
- (10)(bm) Fortis Bank General Conditions, incorporated by reference to the Company's Current Report filed on Form 8-K filed on March 12, 2010. *
- (10)(bn) General Credit Conditions of Fortis Bank (Nederland) N.V., incorporated by reference to the Company's Current Report filed on Form 8-K filed on March 12, 2010. *
- (10)(bo) Interest Assessment dated November 2, 2005, incorporated by reference to the Company's Current Report filed on Form 8-K filed on March 12, 2010. *
- (10)(bp) Supplement to the General Credit Offer dated October 19, 2005, incorporated by reference to the Company's Current Report filed on Form 8-K filed on March 12, 2010. *
- (10)(bq) Microsoft Financing Master Agreement dated March 18, 2009, incorporated by reference to the Company's Current Report filed on Form 8-K filed on March 12, 2010. *
- (10)(br) FYE 2011 Incentive Plan for Chief Executive Officer and Chief Financial Officer, incorporated by reference to the Company's Current Report filed on Form 8-K filed on April 5, 2010. *
- (10)(bs) FYE 2011 Incentive Plan for Executive Vice President, incorporated by reference to the Company's Current Report filed on Form 8-K filed on April 5, 2010. *
- (10)(bt) FYE 2011 Incentive Plan for Vice Presidents/General Managers, incorporated by reference to the Company's Current Report filed on Form 8-K filed on April 5, 2010. *
- (10)(bu) Fourth Amendment to the Met-Pro Corporation Retirement Savings Plan dated October 20, 2010, incorporated by reference to the Company's Current Report filed on Form 10-Q filed on December 2, 2010.*
- (10)(bv) Reaffirmation of Discretionary Demand Line of Credit dated November 29, 2010, incorporated by reference to the Company's Current Report filed on Form 10-Q filed on December 2, 2010.*
- (10)(bw) Form of a Letter Agreement Regarding Amendment of Stock Option Agreements for Non-Employee Directors dated November 29, 2010, incorporated by reference to the Company's Current Report filed on Form 10-Q filed on December 2, 2010.*
- (10)(bx) Met-Pro Corporation Pension Restoration Plan (Amended and Restated Effective January 1, 2010), incorporated by reference to the Company's Current Report filed on Form 8-K filed on January 4, 2011.*
- (10)(by) First Amendment to the Met-Pro Corporation Salaried Employee Stock Ownership Plan, incorporated by reference to the Company's Current Report filed on Form 8-K filed on January 4, 2011.*
- (10)(bz) Fourth Amendment to the Met-Pro Corporation Salaried Pension Plan, incorporated by reference to the Company's Current Report filed on Form 8-K filed on January 4, 2011.*
- (10)(ca) Fifth Amendment to the Met-Pro Corporation Retirement Savings Plan, incorporated by reference to the Company's Current Report filed on Form 8-K filed on January 4, 2011.*
- (10)(cb) FYE 2012 Incentive Plan for Chief Executive Officer and Chief Financial Officer, incorporated by reference to the Company's Current Report filed on Form 8-K filed on February 1, 2011. *
- (10)(cc) FYE 2012 Incentive Plan for Executive Vice President, incorporated by reference to the Company's Current Report filed on Form 8-K filed on February 1, 2011. *

Exhibit No.**Description**

- (10)(cd) FYE 2012 Incentive Plan for Vice Presidents/General Managers, incorporated by reference to the Company's Current Report filed on Form 8-K filed on February 1, 2011.*
- (10)(ce) Standard Form for the Non-Employee Restricted Stock Unit Agreement dated December 17, 2010, incorporated by reference to the Company's Current Report filed on Form 8-K filed on March 8, 2011.*
- (10)(cf) Standard Form for the Incentive Stock Option Agreement dated December 17, 2010, incorporated by reference to the Company's Current Report filed on Form 8-K filed on March 8, 2011.*
- (10)(cg) Standard Form for the Employee Non-Qualified Option Agreement dated December 17, 2010, incorporated by reference to the Company's Current Report filed on Form 8-K filed on March 8, 2011.*
- (10)(ch) Amendment No. 1 to the Met-Pro Corporation 2008 Equity Incentive Plan in Respect of Performance-Based Compensation Under Code Section 162(m), incorporated by reference to the Company's definitive proxy statement for the 2011 Annual Meeting of Shareholders filed on April 11, 2011.*
- (10)(ci) Separation Agreement and General Release effective as of November 29, 2011 between Met-Pro Corporation and Gary J. Morgan, incorporated by reference to the Company's Current Report filed on Form 8-K filed on December 5, 2011.*
- (10)(cj) Form of Indemnification Agreement incorporated by reference to the Company's Current Report filed on Form 10-Q filed on December 8, 2011.*
- (10)(ck) Third (Qualification) Amendment to the Met-Pro Corporation Salaried Employee Stock Ownership Plan incorporated by reference to the Company's Current Report filed on Form 10-Q filed on December 8, 2011.*
- (10)(cl) Met-Pro Corporation Pension Restoration and Supplemental Executive Retirement Plan Trust Agreement incorporated by reference to the Company's Quarterly Report on Form 10-Q filed on December 8, 2011.*
- (10)(cm) Met-Pro Corporation Non-Qualified Defined Contribution Supplemental Executive Retirement Plan Trust Agreement incorporated by reference to the Company's Quarterly Report on Form 10-Q filed on December 8, 2011.*
- (10)(cn) Met-Pro Corporation Directors Retirement Plan Trust Agreement incorporated by reference to the Company's Quarterly Report on Form 10-Q filed on December 8, 2011.*
- (10)(co) Reaffirmation of Discretionary Demand Line of Credit dated February 28, 2012, incorporated by reference to the Company's Current Report filed on Form 8-K filed on February 29, 2012.*
- (10)(cp) Key Employee Severance Agreement dated as of April 2, 2012 incorporated by reference to the Company's Current Report filed on Form 8-K filed on April 5, 2012.*
- (10)(cq) Form of Standard Incentive Stock Option Agreement incorporated by reference to the Company's Current Report filed on Form 8-K filed on April 5, 2012.*
- (10)(cr) Form of Standard Non-Qualified Stock Option Agreement incorporated by reference to the Company's Current Report filed on Form 8-K filed on April 5, 2012.*
- (10)(cs) Form of Officer Indemnification Agreement incorporated by reference to the Company's Current Report filed on Form 8-K filed on October 22, 2012.*
- (10)(ct) Third Amended and Restated Key Employee Severance Pay Agreement dated as of December 31, 2012 incorporated by reference to the Company's Current Report filed on Form 8-K filed on January 2, 2013.*
- (10)(cu) First Amended and Restated Key Employee Severance Pay Agreement dated as of December 31, 2012 incorporated by reference to the Company's Current Report filed on Form 8-K filed on January 2, 2013.*

Exhibit No.**Description**

(11) Statement Re-computation of Per Share Earnings. See page 30 of Item 8.

(21) List of Subsidiaries of Registrant as of January 31, 2013:

| <u>Corporate Name</u> | <u>Jurisdiction of Incorporation</u> | <u>Name under which Business is Conducted</u> |
|--------------------------------------------------------------|--------------------------------------|----------------------------------------------------------------------------------------------------------------|
| Mefiag B.V. | The Netherlands | Mefiag B.V., a wholly owned subsidiary of Met-Pro Corporation |
| Met-Pro Product Recovery/Pollution Control Technologies Inc. | Ontario, Canada | Met-Pro Product Recovery/Pollution Control Technologies Inc., a wholly-owned subsidiary of Met-Pro Corporation |
| Strobic Air Corporation | Delaware | Strobic Air Corporation, a wholly-owned subsidiary of Met-Pro Corporation |
| MPC Inc. | Delaware | MPC Inc., a wholly-owned subsidiary of Met-Pro Corporation |
| Pristine Water Solutions Inc. | Delaware | Pristine Water Solutions Inc., a wholly-owned subsidiary of Met-Pro Corporation |
| Met-Pro Industrial Services Inc. | Pennsylvania | Met-Pro Industrial Services Inc., a wholly-owned subsidiary of Met-Pro Corporation |
| Bio-Reaction Industries Inc. | Delaware | Bio-Reaction Industries Inc., a wholly-owned subsidiary of Met-Pro Corporation |
| Mefiag (Guangzhou) Filter Systems Ltd. | People's Republic of China | Mefiag (Guangzhou) Filter Systems Ltd., a wholly-owned subsidiary of Met-Pro (Hong Kong) Company Limited |
| Met-Pro (Hong Kong) Company Limited | Hong Kong | Met-Pro (Hong Kong) Company Limited, a wholly-owned subsidiary of Met-Pro Corporation |
| Met-Pro Holdings LLC | Delaware | Met-Pro Holdings LLC, a wholly-owned a wholly- owned subsidiary of Met-Pro Corporation |
| Met-Pro Chile Limitada | Chile | Met-Pro Chile Limitada, a wholly-owned subsidiary of Met-Pro Corporation |

(23) Independent Registered Public Accounting Firm's Consent **

(31.1) Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 **

(31.2) Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 **

Exhibit No.**Description**

- (32.1) Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as Adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 **
- (32.2) Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as Adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 **
- (101.INS) XBRL Instance
- (101.SCH) XBRL Taxonomy Extension Schema
- (101.CAL) XBRL Taxonomy Extension Calculation
- (101.LAB) XBRL Taxonomy Extension Labels
- (101.PRE) XBRL Taxonomy Extension Presentation
- (101.DEF) XBRL Taxonomy Extension Definition

The following exhibits required under Item 601 of Regulation S-K promulgated by the Securities & Exchange Commission have been omitted because they are either posted on our website, inapplicable or non-existent:

- (9) Voting trust agreements.
- (12) Statements re computation of ratios.
- (13) Annual report to security holders.
- (14) Code of ethics.
- (16) Letter re change in certifying accountant.
- (18) Letter re change in accounting principles.
- (22) Published report regarding matters submitted to vote of security holders.
- (24) Power of attorney.

* Indicates management contract or compensatory plan or arrangement.

**Filed herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

March 21, 2013

Date

MET-PRO CORPORATION

By: /s/ Raymond J. De Hont

Raymond J. De Hont
Chief Executive Officer and President
(duly authorized officer)

Pursuant to the requirement of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

| <u>Signature</u> | <u>Title</u> | <u>Date</u> |
|---------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|----------------|
| <u>/s/ Raymond J. De Hont</u> Raymond J. De Hont | Chief Executive Officer, President and Director (principal executive officer) | March 21, 2013 |
| <u>/s/ Neal E. Murphy</u> Neal E. Murphy | Vice President-Finance, Chief Financial Officer, Secretary and Treasurer (principal financial officer) | March 21, 2013 |
| <u>/s/ Edward J. Prajzner</u> Edward J. Prajzner | Corporate Controller and Chief Accounting Officer (principal accounting officer) | March 21, 2013 |
| <u>/s/ George H. Glatfelter II</u> George H. Glatfelter II | Chairman | March 21, 2013 |
| <u>/s/ Michael J. Morris</u> Michael J. Morris | Director | March 21, 2013 |
| <u>/s/ Judith A. Spires</u> Judith A. Spires | Director | March 21, 2013 |
| <u>/s/ Stanley W. Silverman</u> Stanley W. Silverman | Director | March 21, 2013 |
| <u>/s/ Robin L. Wiessmann</u> Robin L. Wiessmann | Director | March 21, 2013 |

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM'S CONSENT

We consent to the incorporation by reference in the Registration Statements of Met-Pro Corporation on Form S-8 (File Nos. 333-155981, 333-125664, 333-68220 and 333-44471) of our report dated March 21, 2013 with respect to our audits of the consolidated financial statements and related consolidated financial statement schedule of Met-Pro Corporation as of January 31, 2013 and 2012 and for the years ended January 31, 2013, 2012 and 2011 and our report dated March 21, 2013 with respect to our audit of the effectiveness of internal control over financial reporting of Met-Pro Corporation as of January 31, 2013, which reports are included in this Annual Report on Form 10-K of Met-Pro Corporation for the year ended January 31, 2013.

/s/ Marcum LLP

Marcum LLP
Bala Cynwyd, Pennsylvania
March 21, 2013

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Raymond J. De Hont, certify that:

1. I have reviewed this annual report on Form 10-K of Met-Pro Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 21, 2013

/s/ Raymond J. De Hont

**Raymond J. De Hont
Chief Executive Officer**

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Neal E. Murphy, certify that:

1. I have reviewed this annual report on Form 10-K of Met-Pro Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financing reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 21, 2013

/s/ Neal E. Murphy

Neal E. Murphy
Chief Financial Officer

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Raymond J. De Hont, Chief Executive Officer of Met-Pro Corporation hereby certifies that, to my knowledge:

- (i) the Annual Report on Form 10-K for the fiscal year ended January 31, 2013 of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 21, 2013

/s/ Raymond J. De Hont

Raymond J. De Hont
Chief Executive Officer

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Neal E. Murphy, Chief Financial Officer of Met-Pro Corporation hereby certifies that, to my knowledge:

- (i) the Annual Report on Form 10-K for the fiscal year ended January 31, 2013 of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 21, 2013

/s/ Neal E. Murphy

Neal E. Murphy
Chief Financial Officer



Investor and Shareholder Information

Investor Relations

Neal E. Murphy
Vice President-Finance,
Chief Financial Officer
(215) 723-6751
mpr@met-pro.com

Financial Reports

For additional information, shareholders may visit the Company's website at www.met-pro.com, or may request, without charge, copies of the Company's financial reports, including Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q. Such requests, as well as other inquiries of an investor relations nature, should be addressed to:

Corporate Secretary
Met-Pro Corporation
160 Cassell Road
P.O. Box 144
Harleysville, PA 19438
(215) 723-6751
mpr@met-pro.com

Annual Meeting

9:30 A.M., Wednesday, June 5, 2013

Holiday Inn Lansdale
1750 Sumneytown Pike
Kulpsville, PA 19443

Transfer Agent and Registrar

American Stock Transfer and Trust Company
40 Wall Street, 46th Floor
New York, NY 10005
Attn: Shareholder Services
(800) 937-5449
www.amstock.com

Independent Auditors

Marcum LLP
Bala Cynwyd, PA 19004
www.marcumllp.com

General Counsel

Jeffrey H. Nicholas, Esq.
Fox Rothschild LLP
Philadelphia, PA 19103
jnicholas@foxrothschild.com

Stock Exchange

The Common Shares of the Company are listed on the New York Stock Exchange under the ticker symbol "MPR". The daily closing price is printed in the Wall Street Journal and other major newspapers.

Dividend Reinvestment and Direct Stock Purchase Plan

The Company's Dividend Reinvestment and Direct Stock Purchase Plan (the "Plan") enables shareholders to reinvest all, or a designated portion of dividends, in additional shares of common shares at a 3% discount from a price based on the market value of the stock with no commissions or service charges. In addition, shareholders may purchase additional shares of Met-Pro Corporation common shares at any time with a minimum investment of \$100, up to a maximum of \$30,000 annually, without a commission or service charge. Individuals who are not shareholders may become shareholders by making an initial investment of at least \$1,000. Shares for the Direct Stock Purchase portion of the Plan are purchased in the open market at prevailing market prices, with no commissions or other fees.

A Prospectus and Enrollment Form will be furnished by:

American Stock Transfer and Trust Company
(800) 278-4353 (U.S. only) or
(718) 921-8283

Met-Pro Investor Relations
(215) 723-6751

Met-Pro website:
www.met-pro.com

Direct Deposit

With direct deposit, Met-Pro Corporation cash dividends are deposited automatically on the dividend payment date of each year. Shareholders receive confirmation of the deposit in the mail. Shareholders interested in direct deposit should call the transfer agent at (800) 278-4353.

For More Information

To learn more about Met-Pro Corporation, visit our website at www.met-pro.com.

Met-Pro Corporation is an equal opportunity employer.



Corporate Headquarters

160 Cassell Road
P.O. Box 144
Harleysville, PA 19438
(215) 723-6751

Business Segments

Product Recovery/Pollution Control Technologies

Met-Pro Environmental Air Solutions
Strobic Air® Corporation
Met-Pro Product Recovery/Pollution Control Technologies Inc.
Met-Pro Chile Ltda.

Fluid Handling Technologies

Met-Pro Global Pump Solutions

Mefiag® Filtration Technologies

Mefiag®
Mefiag® BV
Mefiag® (Guangzhou) Filter Systems Ltd.

Filtration/Purification Technologies

Keystone Filter
Pristine Water Solutions Inc.